



## Austin & Austin Company

February 12, 2007

United States Environmental Protection Agency  
Region II  
Edison, NJ 08837

Re: Request for Information dated 1/11/07 (Received 1/26/07)

1.
  - a. Austin & Austin Company, P.O. Box 9047, Morristown, NJ 07963-9047
  - b. Partnership - New Jersey - 1970
  - c. Peter S. Austin, P.O. Box 9047, Morristown, NJ 07963-9047  
973-819-5985  
William E. Austin Trust - Ellen Austin - Trustee 149M Airport Rd.,  
Waitsfield, VT 05673 802-496-2620  
→ Copy of Partnership Agreement enclosed.
  - d. Peter S. Austin, P.O. Box 9047, Morristown, NJ 07963-9047
2. Austin & Austin Partnership - Peter S. & William E. Austin -Successor to  
Caroline Laundry, Inc., William B. Austin, President (deceased March 1970)  
NJ corporation - established (?) dissolved 1972 (?)
3.
  - a. Operation of a strip mall.
  - b. No changes since 1972..
4.
  - a. Peter S. Austin, 2051 Swainsons Run, Naples, FL 34105
  - b. Peter S. Austin & William E. Austin Trust
  - c. Copy of Deed enclosed.
  - d. March 1970 to Trustees under the last will & testament of William B.  
Austin  
February 23. 1987 to William E. Austin & Peter S. Austin
  - e. Father of Peter S. & William E. Austin
  - f. (i) Various structures from 1940 (?) to 2006.  
Estimated construction years:  
1940/1945/1947/1950/1963/2002/2006  
(ii) 1940 - 1970 Caroline Laundry, Inc. Laundry & drycleaning operation.  
1970-1980 Morristown Memorial Hospital laundry  
1972-2007 - Succession of tenants including:  
Camera store/Computer store/Hair Salon/Auto Detailer/  
Truck Tires/Limousine Repair/Drycleaner/Garden store/

Post Office Box 9047, Morristown, New Jersey 07963-9047  
Phone 973-819-5985 \* Fax 973-267-8435  
Email aarad2@earthlink.net

Austin & Austin Company

Florist/Insurance agency/Womens exercise/Cardiac  
care/Photographer/Edible floral arrangements  
1700 SF addition to buildings 2000-2001  
560 SF demolition 2002

5.
  - a. Caroline Laundry, Inc.  
VIP Cleaners  
Milano Cleaners  
New Image Cleaners
  - b. Caroline Laundry, Inc. 1945(?) - 1972  
VIP Cleaners 1989 (?) - 10/31/96  
Milano Cleaners 10/31/96 - 6/2/01  
New Image Cleaners 6/2/01-2007
  - c. On premises drycleaning:  
Caroline Laundry, Inc. - Transfer machine  
VIP Cleaners - Transfer machine  
Milano Cleaners - Transfer machine until 1998 (?) then Dry to Dry  
machine  
New Image Cleaners - Dry to Dry machine
  - d. Caroline Laundry, Inc - Petroleum until 1952 (?) then Perchlorethylene.  
All others Perchlorethylene.
  - e. All in the front portion presently occupied by New Image Cleaners.
6.
  - a. VIP Cleaners - Din Ferezoli (Sonny Din) - Current address unknown.  
Milano Cleaners - Vito Meghnagi 19 Badger Drive, Livingston, NJ  
07039  
New Image Cleaners -Jongsik Oh, 89 Morris St., Morristown, NJ 07960
  - b. VIP Cleaners - 1989 (?) - 10/31/96 on sublease from Michele Arnold &  
Edourd  
Milano Cleaners 1996 - 2001  
New Image Cleaners - 2001 - 2006 on Assignment from Milano  
Cleaners. Extended to 3/31/07.
  - c. Not applicable.
  - d. Copy of Milano Cleaners lease enclosed.
  - e. All on premises drycleaning.
  - f. Perchlorethylene.
  - g. All in the front portion presently occupied by New Image Cleaners.
  - h. Unknown.
- 7.. Yes -Sludge from drycleaning machine filters
8. Caroline Laundry, Inc. cooked to powder - perchlorethylene  
reclaimed - powder removed by waste hauler.  
VIP Cleaners/Milano Cleaners/New Image Cleaners - sludge/powder  
removed by chemical removal companies.

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Email aarad2@earthlink.net

Austin & Austin Company

9. Caroline Laundry, Inc. all deceased.
10. None
11. None
12. None
13. Yes
  - a. PMK Group, Union, NJ & Anco Environmental Contractors, Millington, NJ
  - b. Certificate of approval from BUST
  - c. 1992 Petroloem contaminated soild removed.
  - d. In front of current State Farm Insurance location.
  - e. To be retreived from storage.
14.
  - a. None
  - b, Water supply well in front of current State Farm Insurance location. Currently inactive - anticipated use for irrigation.
  - c. All in front area of building currently occupied by New Image Cleaners.
15.
  - a. Unaudited financial statements and tax returns enclosed.
  - b. Property at 89 Morris St., Morristown.  
12/31/06 Mortgage balance. \$ 102,068  
12/31/06 Parttner loan balance \$ 149,417  
Peter S. Austin & William E. Austin Trust/First Morris Bank
16.
  - a. Caroline Laundry, Inc. may have had policies without polution exclusion endorsement - no copies available. All later policies include pollution excl,usion endorsement.
17. No.
18. None.

CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION

State of FLORIDA

County of COLLIER

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document (response to EPA Request for Information) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete, and that all documents submitted herewith are complete and authentic unless otherwise indicated. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

PETER AUSTIN

NAME (print or type)

RAZNER

AUSTIN & AUSTIN P.C.

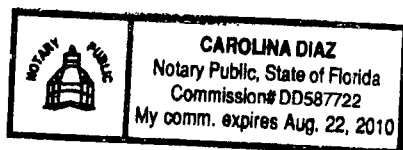
TITLE (print or type)

[Signature]  
SIGNATURE

Sworn to me before this

12 day of February, 2007

[Signature]  
Notary Public



FEB 20 2007  
RECEIVED



PARTNERSHIP AGREEMENT

between

WILLIAM E. AUSTIN

and

PETER S. AUSTIN

as of

~~October 19, 1988~~

*December 2,*

DOWNNS RACHLIN & MARTIN

BURLINGTON

AND

ST. JOHNSBURY, VERMONT

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## PARTNERSHIP AGREEMENT

THIS AGREEMENT is made as of the <sup>2nd</sup> ~~19th~~ day of <sup>December</sup> ~~October~~, 1988, between WILLIAM E. AUSTIN, of Waitsfield, Vermont, and PETER S. AUSTIN, of Naples, Florida. Each of the parties to this Agreement is sometimes hereinafter referred to as a "Partner", and both are sometimes hereinafter referred to collectively as the "Partners".

### W I T N E S S E T H :

WHEREAS, the Partners wish to form a Partnership as a vehicle for the conduct of the business which they propose to carry on together and to specify the terms by which such Partnership's operations and the Partners' dealings one with another shall be regulated.

### N O W T H E R E F O R E :

In consideration of the premises, and the mutual promises contained herein, the parties hereto do hereby agree as follows:

### ARTICLE I

#### General Provision

Section 1.1 Name. The name of the Partnership shall be Austin & Austin Company.

Section 1.2 Principal Place of Business. The Partnership's principal place of business shall be 299 Speedwell Avenue, Morris Plains, New Jersey, or such other place as the Partners shall hereafter mutually determine.

Section 1.3 Partnership Interests. Each party to this Agreement shall be a general partner. The interest of each

Partner in the Partnership, expressed as a percentage ("Percentage Interest") shall be as follows:

William E. Austin                      50%

Peter S. Austin                      50%

Unless this Agreement specifically provides otherwise, all Partners shall have equal voting rights in the management of the Partnership business.

## ARTICLE II

### Purposes

Section 2.1 General. The business purpose of the Partnership shall be to acquire, own, develop, construct, manage, administer, lease, sublease, assign, sell and otherwise deal with the following properties (the "Properties"):

1. The premises known as 83-89 Morris Street, Morristown, New Jersey.

2. The premises known as Unit #102, Tiffany Court, 1069 8th Street South, Naples, Florida.

The Partnership may engage in such other businesses and hold such other assets and investments as the Partners may from time to time agree, and in furtherance of its business purposes it may enter into joint ventures, partnerships, limited partnerships or other business relationships with others, and take such further action as may be necessary or appropriate to the accomplishment of the foregoing business purposes, including in particular the borrowing of funds as may be required for the

Partnership to carry on its business, defray its operating expenses, and discharge its obligations.

### ARTICLE III

#### Term of Partnership

Section 3.1 General. The term of the Partnership shall commence on the date of this Agreement and shall continue until the 1st day of September, 2038, unless the Partnership is sooner dissolved and liquidated as hereinafter provided.

### ARTICLE IV

#### Capital, Profits and Losses, and Distributions

Section 4.1 Capital Accounts. Each Partner shall have a capital account maintained in accordance with the terms of this Agreement. The capital contributed or withdrawn by a Partner shall be credited or debited to such Partner's capital account.

Section 4.2 Initial Capital Contributions. On the date of this Agreement, each Partner has transferred to the Partnership his undivided one-half interest in the Properties. Each Partner's capital account shall be credited initially with one-half the value of the Properties.

Section 4.3 Additional Contributions, Interest, and Withdrawals. The Partners shall not be obligated to make additional contributions to the capital of the Partnership. Unless otherwise agreed, no interest shall be payable on any capital contributed to the Partnership. No Partner shall withdraw any capital from the Partnership without the consent of the other Partner.

Section 4.4 Profits and Losses. The profits and losses of the Partnership, determined as hereinafter set forth, and all items of income, gain, loss, deduction and credit, shall be allocated by the Partners in proportion to the Partners' respective Percentage Interests. A Partner's share of Partnership profits shall be credited to, and his share of Partnership losses shall be charged to, such Partner's capital account.

Section 4.5 Distributions of Available Cash. All cash received by the Partnership from the operation of the business of the Partnership, from loans to the Partnership, and from capital contributions by the Partners, shall be applied initially to pay all operating expenses, satisfy all obligations and discharge all liabilities of the Partnership, including, without limitation, all loans plus interest (whether such loans are from third parties or any Partner), and to establish a reasonable reserve for current expenses, working capital and contingencies. The amount of available cash held by the Partnership and not needed to pay such expenses, satisfy such obligations, discharge such liabilities and establish such reserve ("Available Cash") shall be determined from time to time and shall be distributed at least annually pro rata to the Partners in proportion to their respective Percentage Interests. No distributions to the Partners other than Available Cash shall be made without the prior approval of the Partners except upon

dissolution and winding up of the Partnership. All distributions received by a Partner shall be charged to his capital account.

#### ARTICLE V

##### Books of Account

Section 5.1 General. The books of account of the Partnership shall be kept on a calendar year cash basis. Said books of account shall be kept at the offices of the Partnership, and shall at all times be available and open to the inspection of the Partners. Annual financial statements shall be prepared by the Partnership, and the books of account and annual financial statements shall be reviewed each year by an accounting firm approved by the Partners.

#### ARTICLE VI

##### Administrative Provisions

Section 6.1 Regular Business. Each Partner, acting alone, shall have full power and authority to conduct or cause to be conducted the ordinary and usual business and affairs of the Partnership in accordance with this Agreement including, without limitation, the power and authority to employ at the Partnership's expense such persons, firms or companies as the Partner shall determine for managing and maintaining the Properties and for keeping books and records and preparing financial statements and returns as required by this Agreement and the power to execute, acknowledge and deliver agreements, instruments and other documents on behalf of the Partnership.



Section 6.2 Major Decisions. Notwithstanding Section 6.1, no Partner shall employ either the capital or credit of the Partnership otherwise than in the regular course of the Partnership business, nor shall any Partner, without the prior written approval of all the Partners, take any of the following actions:

- (a) Borrow or lend money on behalf of the Partnership.
- (b) Execute any contract, mortgage, bond, security agreement, or other commitment on behalf of the Partnership or relating to Partnership property or enter into any agreement to do so, except in the ordinary course of the Partnership business.
- (c) Assign, transfer or pledge any debts due the Partnership or release any debts due, except on payment in full.
- (d) Compromise any claim due to the Partnership or submit to arbitration any dispute or controversy involving the Partnership.
- (e) Become bail or surety, or lend, spend, give, or make away with any part of the Partnership property or draw or accept any bills, notes or other security in the name of the Partnership business outlined above.
- (f) Make any purchase involving more than One Thousand Dollars (\$1,000).

Section 6.3 Bank Accounts. The Partnership shall maintain a bank account in its own name, into which all Partnership

receipts shall be deposited and from which all Partnership disbursements shall be made. Each Partner may sign checks on behalf of the Partnership without limitation as to amount, but subject always to the applicable restrictions set forth in paragraphs (a) through (f) of Section 6.2 hereof.

Section 6.4 Obligations of Each Partner. Each Partner shall devote such working time and attention to the business of the Partnership as shall be reasonably required. Notwithstanding the foregoing, each Partner recognizes that this Partnership is not the sole business of the other Partners. This Agreement shall not be construed as giving any Partner an interest in any other property or project of another Partner, or as restricting the activities of any Partner, whether or not such activities are competitive or incompatible with those of this Partnership.

#### ARTICLE VII

##### Compensation, Drawing Accounts

Section 7.1 General. Except as otherwise specifically voted by the Partnership, no Partner shall be entitled to receive compensation for services rendered to the Partnership, nor shall there be any Partners' drawing accounts.

#### ARTICLE VIII

##### Voluntary Dissolution

Section 8.1 Winding Up the Partnership. Dissolution of the Partnership shall be as provided by applicable law. Upon any such dissolution, the Partnership shall immediately commence to wind up its affairs. During liquidation the Partners shall

continue to share profits and losses in the same proportions as before dissolution. The proceeds from liquidation of Partnership assets shall be applied in the following order:

- (a) Liabilities of the Partnership owing to creditors other than Partners.
- (b) Liabilities of the Partnership owing to Partners otherwise than for capital and profits.
- (c) Liabilities of the Partnership owing to Partners in respect of capital.
- (d) Liabilities of the Partnership owing to Partners in respect of profits.

Section 8.2 Balance Owed by a Partner. Should any Partner, upon liquidation of the Partnership, have a debit balance in his capital account, whether by reason of losses in the liquidation of Partnership assets or otherwise, the debit balance shall represent an obligation from him to the Partnership, to be paid in cash within thirty (30) days after written demand.

#### ARTICLE IX

##### Transfers of Partnership Interests

Section 9.1 Successors. Any transferee of an interest of any Partner in the Partnership shall take such interest subject to this Agreement. No transferee shall become a Partner of the Partnership or be entitled to the rights of a Partner in the Partnership unless such transferee executes an instrument agreeing to be bound by this Agreement.

Section 9.2 Right of First Refusal. Subject to the last sentence of this Section 9.2, no Partner shall voluntarily sell, assign, give, encumber or otherwise transfer his interest in the Partnership, except as a whole, and then not unless such Partner or his legal representative, in the case of a transfer to take effect at the death of a Partner (such Partner or representative being hereinafter called the "Offeror") shall first offer in writing to sell his interest to the other Partner (the "Offeree") at a price equal to the value of the Offeror's interest at the time when such offer is made (which, in the case of a transfer which is effective as of the death of a Partner, shall be deemed to be the date of such Partner's death) as such value is determined in accordance with the provisions of Section 9.4. The Offeree shall have one hundred eighty (180) days after the date of the determination of said value in accordance with Section 9.4 in which to accept in writing such offer of the Offeror's interest. If the Offeree accepts such offer, then the Offeree shall, within thirty (30) days after sending acceptance of such offer, purchase such interest and pay the purchase price upon the terms specified in Section 9.5. If the Offeree does not accept such offer, then the Offeror may, within ninety (90) days following such 180-day period, transfer his interest to such person upon such terms as the Offeror may determine, provided, however, that with the exception of the single transfer permitted by the preceding provisions and the transfers referred to in the succeeding

sentence, the restrictions set forth in this Section 9.2 shall continue to apply to all subsequent transfers of Partnership interests, whether by the Offeror (such 90-day period having elapsed without the transferring of the Offeror's interest) or by any immediate or other successor in interest to the Offeror. Notwithstanding the preceding provisions of this Section 9.2 and of the succeeding Section 9.3, each of William E. Austin and Peter S. Austin shall have the right, without being required to comply with the provisions of this Section 9.2, to transfer his interest in the Partnership, as a whole, to one or more of his lineal descendants, to whom, however, said provisions, mutatis mutandis, shall likewise thereafter continue to apply.

Section 9.3 Involuntary Transfer. In the event of an involuntary transfer upon the bankruptcy or insolvency of a Partner, the levy on a Partner's interest by a creditor or claimant, <sup>DEATH OR</sup> the incapacity of a Partner, or otherwise, the other Partner (the "Elector") may notify in writing the receiver, trustee in bankruptcy, personal representative or other successor of such Partner (such Partner's "Successor") of the Elector's interest in acquiring Successor's entire interest at a price equal to the value of such interest at the time when such notice is given, as such value is determined in accordance with the provisions of Section 9.4. The Elector shall have one hundred eighty (180) days from the date of determination of said value in accordance with Section 9.4 in which to elect in writing to acquire the Successor's interest. The Elector

W E A

shall, within thirty (30) days of such election, purchase the interest from such Successor and shall pay the purchase price upon the terms set forth in Section 9.5. If the Elector does not elect to purchase the interest, then such Successor may, within one (1) year following the close of such 180-day period, elect to transfer such interest to such person upon such terms as such Successor may determine, provided, however, that with the exception of the single transfer permitted by the preceding provisions, the restrictions set forth in Section 9.2, mutatis mutandis, shall continue to apply to all transfers of Partnership interests, whether by such Successor (such one-year period having elapsed without the transferring of such Successor's interest) or by any immediate or other successor in interest to such Successor.

Section 9.4 Purchase Price. The Partners agree that the price of a Partnership interest shall be determined as follows. Promptly upon the making of an offer of sale of a Partnership interest pursuant to Section 9.2 or the giving of notice of interest in acquiring a Partnership interest pursuant to Section 9.3, as the case may be, the Offeror and the Offeree (as defined in Section 9.2) or the Elector and the Successor (as defined in Section 9.3) shall select a qualified real estate appraiser to conduct an appraisal of all the Properties. If agreement cannot be reached as to the selection of such an appraiser within thirty (30) days of the election to seek such an appraisal, application for the appointment of an appraiser

shall be made to a New Jersey court having original jurisdiction over partnerships such as that created by this Agreement. The appraisal shall determine an aggregate fair market value for the Properties and shall be made in conformity with standard appraisal techniques, and shall be completed within sixty (60) days of the date of selection of the appraiser. All liabilities of the Partnership shall be subtracted from the appraised fair market value. The resulting total equity value of the Partnership shall then be multiplied by the Percentage Interest of the Partnership interest, and that product shall be the sale price of such Partnership interest.

Section 9.5 Terms of Payment. The purchase price in any sale of a Partnership interest pursuant to this Article IX shall be payable in cash as follows: twenty-five percent (25%) of the total purchase price at the closing of such sale; and the remainder of such price in twelve (12) consecutive monthly installments of equal payments of principal, plus interest from month to month on the unpaid principal balance at the prime rate in effect from time to time at Citibank, N.A. in New York, New York, the first such installment to be due and payable on the first day of the first calendar month next following that in which such closing occurs. The principal balance of any amount due hereunder may be prepaid in whole or any part at any time without penalty, partial prepayments being applied in inverse order of maturity.

Section 9.6 Additional Restrictions. Notwithstanding anything to the contrary in this Agreement, the interest of a Partner in the Partnership shall not be sold assigned, given, encumbered or otherwise transferred to

(a) a person less than eighteen (18) years of age, incompetent, incapacitated, insane or otherwise mentally disabled;

(b) a person or entity that is bankrupt or insolvent;

(c) to any person if such transfer would violate federal or state securities laws or would cause a termination of the Partnership under state or federal tax laws.

Section 9.7 Withdrawal or Retirement. No Partner shall retire or withdraw from the Partnership without consent of the other Partner. If the other Partner consents to the retirement or withdrawal, then the Partnership shall dissolve and liquidate in accordance with the provisions of Article VIII. If a Partner withdraws or retires without the consent of the other Partner, the other Partner may elect either (1) to dissolve and liquidate the Partnership in accordance with the provisions of Article VIII, and to collect from the liquidating distributions any damages resulting from such Partner's breach of this Agreement, or (2) to continue the Partnership, in which event such withdrawing Partner or his personal representative or successor shall continue to share in the distributions, profits and losses of the Partnership in accordance with this Agreement, but shall not participate in the management or administration of the



Partnership business or affairs, or require any information or account of Partnership transactions, or inspect the Partnership books.

Section 9.8 Notices, etc. Offers, elections and notices provided in this Article IX shall be effective only if in writing and sent to the other party by registered mail or certified mail, return receipt requested.

## ARTICLE X

### Tax Matters

Section 10.1 Tax Matters Partner. Peter S. Austin shall be the "tax matters partner" for the Partnership within the meaning of Section 6231(a)(7) of the Internal Revenue Code of 1954 (the "Code").

Section 10.2 Tax Filings. In the event of a distribution of Partnership property to a Partner or a transfer of an interest in the Partnership permitted by this Agreement, the Partnership shall, upon the request of any Partner, file an election under Section 754 of the Code and the regulations thereunder to adjust the basis of the Partnership assets under Sections 734(b) or 743(b) of the Code and a corresponding election under the applicable sections of state law. Any such adjustment of basis and any depreciation deductions or recapture attributable thereto, shall not be taken into account in determining the allocation of income, expense, loss, gain, deduction or credits to the Partners, but such adjustment of basis and depreciation

deductions and recapture shall, for such purpose, be attributed solely to the Partner for whom the basis was adjusted.

#### ARTICLE XI

##### Resolution of Disputes

Section 11.1 Arbitration. Except where otherwise expressly provided, any controversy or claim arising out of or relating to this Agreement, or the breach of any provisions thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgments upon award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

#### ARTICLE XII

##### Miscellaneous Provisions

Anything elsewhere in this Agreement to the contrary notwithstanding, the Partners specifically agree as follows:

Section 12.1 New or Additional Partners. No new or additional Partners shall be admitted to the Partnership except with the written approval of all Partners.

Section 12.2 Captions, Headings. The captions, section numbers, article numbers and table of contents appearing in this Agreement are inserted only as a matter of convenience, and in no way define, limit, construe or describe the scope or intent of such sections or articles, nor in any way affect this Agreement or have any substantive effect.

Section 12.3 Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties

relating to the subject matter hereof and there are no covenants, promises, agreements, conditions or understandings, oral or written, except as herein set forth.

Section 12.4 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of New Jersey.

Section 12.5 Successors and Assigns. The covenants and agreements contained herein shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective heirs, successors, administrators and assigns.

Section 12.6 Notices. Notice shall be deemed to have been duly given if deposited postpaid in a mailbox maintained by the postal authorities and addressed as follows:

If to William E. Austin: RR 1, Box 44  
Waittsfield, VT 05673

If to Peter S. Austin:               Box 8672  
Naples, FL     33941

Section 12.7 Attorney's Fees. Should any litigation be commenced between the Partners concerning any provision of this agreement or the rights and duties of any person in relation thereto, the party prevailing in such litigation shall be entitled, in addition to other relief as may be granted, to recover his costs of suit, including a reasonable sum of attorneys' fees in such litigation, which sum shall be determined by the court in such litigation or in a separate action brought for that purpose.

Section 12.8 Amendment. This Agreement is subject to amendment in any particular or particulars at any time, but only by agreement set forth in writing and signed by both Partners.

IN WITNESS WHEREOF, we, the said Partners, have set our hands and seals to this Agreement, in duplicate, as of the day and year first above written.

William E. Austin  
William E. Austin  
Peter S. Austin  
Peter S. Austin

STATE OF VERMONT  
COUNTY OF ~~CALEDONIA~~ CHITTENDEN , SS

At Burlington , in said County, this 2nd day of December , 1988, personally appeared WILLIAM E. AUSTIN, and he acknowledged the within instrument, by him sealed and subscribed, to be his free act and deed.

Before me, Christopher G. Stoneman  
Notary Public

STATE OF Florida  
COUNTY OF Lee , SS

CHRISTOPHER G. STONEMAN  
NOTARY PUBLIC, STATE OF VERMONT  
MY COMMISSION EXPIRES 2/10/91

At Ft. Myers , in said County, this 4th day of November , 1988, personally appeared PETER S. AUSTIN, and he acknowledged the within instrument, by him sealed and subscribed, to be his free act and deed.

Before me, Annelle M. Leary  
Notary Public

NOTARY PUBLIC STATE OF VERMONT  
CHRISTOPHER G. STONEMAN  
NOTARY PUBLIC, STATE OF VERMONT  
MY COMMISSION EXPIRES 2/10/91

# DEED

Prepared by: (Print signer's name below signature)

*Robert W. King*  
Robert W. King, Esquire

This Deed is made on FEBRUARY 23, 19 87.

BETWEEN

WILLIAM E. AUSTIN and PETER S. AUSTIN

29480

whose address is c/o Schenck, Price, Smith and King, 10 Washington Street,  
Morristown, NJ 07960 referred to as the Grantor.

AND

WILLIAM E. AUSTIN and PETER S. AUSTIN, as tenants in common

whose post office address is P.O. Box 8672, Naples, Florida 33941

referred to as the Grantee.

The words "Grantor" and "Grantee" shall mean all Grantors and all Grantees listed above.

Grantor. The Grantor makes this Deed as the ~~GRANTOR~~ TRUSTEES UNDER  
Austin of the Last Will of William B.  
late of the Borough of Mendham County of  
Morris and State of New Jersey.

Transfer of Ownership. The Grantor grants and conveys (transfers ownership of) the property  
described below to the Grantee. This transfer is made for the sum of ONE DOLLAR (\$1.00) ----

The Grantor acknowledges receipt of this money.

Tax Map Reference. (N.J.S.A. 46:15-2.1) Municipality of Town of Morristown  
Block No. 222 Lot No. 4, 5 and 12 Account No.

☐ No property tax identification number is available on the date of this Deed. (Check box if applicable.)

Property. The property consists of the land and all the buildings and structures on the land in  
the Town of Morristown  
County of Morris and State of New Jersey. The legal description is:

SEE SCHEDULE A ANNEXED HERETO and MADE A PART HEREOF.

COUNTY OF MORRIS	
CONSIDERATION	2.22
REALTY TRANSFER FEE	<i>Sample Fee</i>
MAR 13 1987	

BOOK 2929 PAGE 398

INSTRUMENT REC'D IN DEED

*1 P. 1/4*  
*Chg*  
*2800*  
*Tax clerk*

SCHEDULE A

TRACT ONE:

BEGINNING at a point in the southwest side line of Morris Street at the easterly corner of a lot conveyed by Philip A. Welsh to the said Elizabeth Drake by deed dated November 15, 1909 and recorded in the Morris County Record of Deeds in Book B-20, pages 508 &c., which point is also the northwesterly corner of lands now or formerly of Hosmer P. Smith and running thence:

- (1) along the dividing line between said Drake and Smith lands, South  $28^{\circ} 18'$  West 170' to the northeasterly corner of a lot of land conveyed by Philip A. Welsh to Serena Salmon; thence
- (2) along said Salmon lands North  $61^{\circ} 22'$  West 79.35' to the southeasterly side line of a lane hereinafter referred to; thence
- (3) running along said lane North  $28^{\circ} 38'$  East 170' to the southwesterly side line of Morris Street; thence
- (4) along said side line of Morris Street South  $61^{\circ} 22'$  East 77.55' to the point and place of Beginning.

TRACT TWO:

BEGINNING in the southwesterly side line of Morris Street at the northerly corner of lands conveyed by Philip A. Welsh and wife to Elizabeth Drake by deed dated June 6, 1896 and recorded in the Morris County Clerk's office in Book B-15 of Deeds, page 29 &c. and running thence

- (1) along the northwesterly side of said lot and along a continuation of the same South  $28^{\circ} 38'$  West 281.10 feet to a line of lands formerly of Mary C. Blachley; thence
- (2) along a line of said Blachley lands North  $43^{\circ} 33'$  West 12.60'; thence
- (3) parallel to and 12' distant at right angles from the first line hereof North  $28^{\circ} 38'$  East 277.30' to the side line of Morris Street aforesaid; thence
- (4) along the side line of Morris Street South  $61^{\circ} 22'$  East 12' to the point or place of Beginning.

EXCEPTING THEREFROM the following described tract of land conveyed to the Town of Morristown by William B. Austin and wife by deed dated May 25, 1949 and recorded in the Morris County Clerk's Office in Book P-46 of Deeds, page 210:

- (1) South 27° 48' West 169.77' to a point; thence
- (2) South 37° 11' 25" West 132.53' to a point; thence
- (3) North 44° 09' 40" West 73.75' to a point; thence
- (4) North 28° 15' 10" East 45.56' to a point; thence
- (5) South 61° 44' 50" East 12.00' along said southwesterly sideline of a tract of land conveyed by William B. Austin and wife to the Town of Morristown, dated May 25, 1949 and recorded in the Morris County Clerk's Office in Book P-46 of Deeds, page 210; thence
- (6) North 28° 15' 10" East 232.84' along said southeasterly sideline of above referenced deed found in course (5) above and to the southwesterly sideline of Morris Street; thence
- (7) Along same, South 61° 44' 50" East 77.55 feet, to the point or place of BEGINNING.

BEING known and designated as Lots 4, 5 & 12 in Block 222 on the Tax Map of the Town of Morristown, Morris County, New Jersey.

BEING the same lands and premises conveyed to William B. Austin by deeds from:

Sarah J. Austin, dated July 12, 1935, recorded July 15, 1935 in Deed Book B-34 page 286 (The Second Tract in said deed comprises Tract Three described herein);

Philip W. Drake and Doris S. Drake, his wife, dated February 14, 1942, recorded March 16, 1942 in Deed Book D-37 page 70 (The First Tract in said deed comprises Tract One described herein);

Serena Salmon and Ira P. Salmon, her husband, et als., dated March 11, 1948, recorded April 8, 1948 in Deed Book Q-44 page 52 (conveying a two-thirds interest) and Deed from Philip W. Drake and Doris S. Drake, his wife, dated February 14, 1942, recorded March 16, 1942 in Deed Book D-37 page 70 (The Second Tract in said deed conveying the remaining one-third interest) (said Deeds comprise Tract Two described herein).

The said William B. Austin died March 30, 1970, leaving a Last Will and Testament wherein he devised all of his Morris County real estate to William E. Austin and Peter S. Austin, in Trust with a provision therein for the benefit of Isabel H. Austin for life, and upon her death with the remainder to William E. Austin and Peter S. Austin, Grantees herein. The said Isabel H. Austin died a resident at 8901 E. Tamiami Trail, in the City of Naples, Collier County, Florida, on November 7, 1986. The said William E. Austin and Peter S. Austin were appointed as executors and trustees under said estate with power to mortgage.

BEGINNING at an iron pipe in the Southwesterly side line of Morris Street which is the beginning corner of a strip of land of which this is a part, such being the second tract conveyed from Philip W. Drake to William B. Austin by deed dated February 14, 1942 which is on record, thence

- (1) along the first course of said strip South 28° 34' West 232.84' feet to an iron pipe; thence
- (2) crossing said strip North 61° 26' West 12.0' to an iron pipe in the third course thereof; thence
- (3) along the same North 28° 34' East 232.84' to an iron pipe, the fourth corner thereof in said side line of Morris Street; thence
- (4) along said side line South 61° 26' East 12.0' to the point or place of Beginning.

TRACT THREE:

BEGINNING in the southeasterly side of the lane hereinafter mentioned at a point distant 170' measured along the side of said lane from the southwesterly side line of Morris Street at the westerly corner of a lot conveyed by Philip A. Welsh to Elizabeth Drake by deed bearing even date herewith and running thence

- (1) along the southwesterly side line of said Drake lot South 61° 22' East 79.35' to the line of lands of Hosmer P. Smith; thence
- (2) along the line of lands of said Smith and the line of lands formerly of Mary C. Blachley South 38° West 132.50' to a corner of lands formerly Mary C. Blachley; thence
- (3) along a line of same North 43° 30' West 61.15' to the southeasterly side of the lane aforesaid; thence
- (4) along the southeasterly side line of said lane North 28° 38' East 111.10' to the point or place of Beginning.

The foregoing premises are also described in accordance with a survey made by Robert C. Edwards Associates, John D. Harris, L.S., dated November 1, 1968, continued to January 17, 1985, as follows:

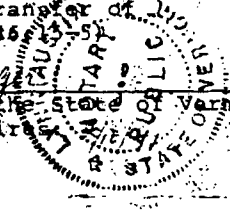
BEGINNING at a point in the southwest side of Morris Street at the easterly corner of a lot conveyed by Philip A. Welsh to the said Elizabeth Drake by deed dated November 15, 1909 and recorded in the Morris County Record of Deeds in Book B-20, pages 508 6c., which point is also the northwesterly corner of the lands now or formerly of F. Boin, R. Boin and W. Boin, and running thence:



STATE OF VERMONT, COUNTY OF Washington SS:

On this 9th day of March, 1987, before me, the subscriber, a Notary Public of the State of Vermont, personally appeared William E. Austin, who acknowledged under oath, to my satisfaction, that he: (a) is named in and personally signed this Deed; (b) signed, sealed and delivered this Deed as his act and deed; and (c) made this Deed for \$1.00 as the ~~full~~ and actual consideration paid or to be paid for the transfer of title (such consideration is defined in N.J.S.A. 45:13-5).

Anna A. Jagger  
Notary Public of the State of Vermont  
My Commission Expires 12/31/87



## DEED

WILLIAM E. AUSTIN and PETER S. AUSTIN, Trustees Under the Last Will and Testament of WILLIAM B. AUSTIN, deceased

Grantor.

TO

WILLIAM E. AUSTIN and PETER S. AUSTIN, tenants in common

Grantee.

Dated: February 23, 19 87

Record and return to:

ROBERT W. KING, ESQUIRE  
SCHENCK, PRICE, SMITH & KING  
10 WASHINGTON STREET  
CN 905  
MORRISTOWN, NJ 07960

MCCO BOX 12

RECEIVED  
MAR 13 3 15 PM '87  
MORRIS COUNTY CLERK

**Promises by Grantor.** The Grantor promises that the Grantor has done no act to encumber the property. This promise is called a "covenant as to grantor's acts" (N.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor).

**Signatures.** The Grantor signs this Deed as of the date at the top of the first page. If the Grantor is a corporation, this Deed is signed and attested to by its proper corporate officers and its corporate seal is affixed.

Witnessed or Attested by:

*Anna J. Jaeger*  
*Marie R. Rudenick*

*William E. Austin* (Seal)  
WILLIAM E. AUSTIN

*Peter S. Austin* (Seal)  
PETER S. AUSTIN

FLORIDA  
STATE OF ~~NEW JERSEY~~ COUNTY OF *Collier*  
I CERTIFY that on *February 23, 1987*  
Peter S. Austin

SS.:

and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed this Deed;
- (b) signed, sealed and delivered this Deed as his or her act and deed; and
- (c) made this Deed for \$ 1.00 as the full and actual consideration paid or to be paid for the transfer of title. (Such consideration is defined in N.J.S.A. 46:15-5.)

*Marie R. Rudenick*  
NOTARY PUBLIC OF THE STATE OF FLA.  
MY COMMISSION EXPIRES  
My Commission Expires 02-28-1987  
Bonded thru 12-31-86

STATE OF NEW JERSEY, COUNTY OF  
I CERTIFY that on

19

SS.:

personally came before me and this person acknowledged under oath, to my satisfaction, that:

- (a) this person is the secretary of the corporation named in this Deed;
- (b) this person is the attesting witness to the signing of this Deed by the proper corporate officer who is the President of the corporation;
- (c) this Deed was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors;
- (d) this person knows the proper seal of the corporation which was affixed to this Deed;
- (e) this person signed this proof to attest to the truth of these facts; and
- (f) the full and actual consideration paid or to be paid for the transfer of title is \$ (Such consideration is defined in N.J.S.A. 46:15-5.)

Signed and sworn to before me on

19

(Print name of attesting witness below signature)



State of New Jersey

Christine Todd Whitman  
Governor

Department of Environmental Protection

Robert C. Shinn, Jr.  
Commissioner

June 8, 1995

Mr. Peter Austin  
P.O. Box 29  
Morris Plains, New Jersey 07950

RE: VIP Cleaners  
89 Morris Street  
Morristown, New Jersey

Dear Mr. Austin:

Enclosed I have provided a copy of the Preliminary Assessment and Site Inspection Report regarding the VIP Cleaners site at 89 Morris Street, Morristown, Morris County, New Jersey. This copy is only of the narrative section of the report. The balance of the report contains a number of attachments and references from which the report was written. If you wish to view the attachments an appointment must be made through our secretary for a visit to our office.

If you have any questions regarding this report please contact me at (609) 584-4280.

Yours truly,

David Dibblee, HSMS 4  
Environmental Measurements and  
Site Assessment

# PRELIMINARY ASSESSMENT AND SITE INVESTIGATION REPORT

## PART I: GENERAL INFORMATION

Site Name: V I P Cleaners

Aka: Morristown Tire

Address: 89 Morris Street

Municipality: Morristown State: New Jersey

Zip Code: 07960

County: Morris

EPA ID No.: NJD982744740

Block: 4801

Lot(s): 11

Latitude: 40° 47' 47"

Longitude: 74° 28' 40"

Acreage: <1

SIC Code: 7216

Current Owner: P. Austin and W. Austin

Mailing Address: P.O. Box 29

City: Morris Plains State: New Jersey

Zip Code: 07950

Telephone No.: 201-267-8435

Current Operator: Sonny Din

Mailing Address: 89 Morris Street

City: Morristown State: New Jersey

Zip Code: 07960

Telephone No.: 201-539-2922

### Owner/Operator History:

<u>NAME</u>	<u>OPERATOR/ OWNER</u>	<u>DATES</u> <u>FROM</u>	<u>TO</u>
P. Austin, W. Austin	owner	1987	present
VIP Cleaners	operator	1989	present
The Finishing Touch	operator	1987	present
Isabel H. Austin	owner	1970	1987
William B. Austin	owner	1935 1942 1948	1970
Caroline Laundry	operator	unknown	1970
Sarah J. Austin	owner	unknown	1935*
Philip W. Drake Doris S. Drake	owners	unknown	1942*
Serena Salmon Ira P. Salmon	owners	unknown	1948*

\* - Block 4801, Lot 11 was formerly composed of several smaller lots.

**Surrounding Land Use (zoning, adjacent properties)**

The VIP Cleaners site is bordered by Morris Avenue to the north, retail and service businesses to the east and west and a public parking lot and residential properties to the southwest and south respectively.

**Distance to Nearest Residence or School:** 500 feet

**Direction:** east

**Population Density (residents per square mile):** 5,510

**PART II: SITE OPERATIONS**

**Discuss all current and past operations at the site. Identify all waste sources, the type and quantity of hazardous waste at each source and the type of containment for each source.**

A review of aerial photographs indicates that the VIP Cleaners site was vacant until at least 1940. The existing building was evident in 1951 photographs but was not present in 1940 photographs indicating that the building was built within this time frame. Mr. Peter Austin, the current owner of the property, indicated during a December 1993 phone interview that he had operated a Caroline Cleaners at the site until 1970 when the building was leased in parts to different stores and vendors. Operations of Caroline Cleaners dealt primarily with common laundering of clothes and other materials. Only a small portion of the operations involved dry cleaning. Mr. Austin indicated that dry cleaning chemicals were reused repeatedly and that the only loss of product was to the atmosphere via volatilization. Reportedly the site has always been on sanitary sewer and no floor drains existed at the site until they were installed by tenant Curt Bush, owner of The Finishing Touch car detailing operation approximately 6 years ago. This was verified by inspection of the Finishing Touch building after an inspection of the VIP Cleaners building. (Attachment I)

Since the building was divided for lease in 1970, several different operations have been conducted at the site. These include a hospital laundry, lawn mower repair shop, hair salon, computer shop, auto detailing and audio installation business, garden center and dry cleaners. (Attachment H, I)

An inspection of the site was conducted by NJDEP, Office of Site Assessment personnel on December 13, 1993. At this time the current dry cleaning operation, VIP Cleaners, and the Finishing Touch auto detailing building were inspected. The interiors of both of these buildings were inspected and did not reveal any drains, dry wells or other pathways to ground water. Site representative of VIP Cleaners, Sonny Din, indicated that dry cleaning operations ceased at the site approximately 1 1/2 years

ago (1992) and that only small scale cleaning of spots on garments is conducted on site. The VIP Cleaners store acts primarily as a drop off and pick up shop for clothes that are cleaned at other locations. The Finishing Touch details autos and installs audio equipment. No hazardous materials are used by the Finishing Touch operation. (Attachment I)

The exterior of the building was also inspected and no areas of concern were observed. Current operations at the site include VIP Cleaners, The Finishing Touch auto detailing and Garden on the Green garden center. (Attachments H, I)

On June 23, 1994 a site investigation was conducted at the facility by NJDEP, Office of Site Assessment personnel which consisted of collecting ground water samples from an on site monitoring well and two additional locations using a hydraulically powered Geoprobe soil probing unit and a small diameter direct push point. The results of the sampling event are summarized in the ground water pathway section and Table I of this report.

### PART III: PERMITS

#### A. NJPDES

<u>Number</u>	<u>Discharge Activity</u>	<u>Date Issued</u>	<u>Expiration Date</u>	<u>Formation or Body of Water Discharged To</u>
---------------	---------------------------	--------------------	------------------------	---

N/A

#### B. New Jersey Air Pollution Control Certificates

Plant ID No.: L2527

No. of Certificates: 1 (094029)

Equipment Permitted: Dry Cleaning Machine

#### C. BUST Registration

Registration No.: 0228873

No. of Tanks: 1

<u>Tank No.</u>	<u>Capacity (gallons)</u>	<u>Contents of Tank</u>	<u>Integrity</u>
001	7,000	#6 Heating oil	Removed 2/92

(Attachment A)

**D. Other Permits**

<u>Agency Issuing Permit</u>	<u>Type of Permit</u>	<u>Permit No.</u>	<u>Date Issued</u>	<u>Expiration Date</u>
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N/A

**PART IV: SOIL EXPOSURE**

**Describe soil type. Include soil series, composition of the soil and permeability of the soil.**

The United States Department of Agriculture, Soil Conservation Service lists the soils below the site as Urban land series-Riverhead complex. The Urban land series are areas that have been cut or reworked to the extent that the original profile cannot be recognized. The characteristics of the material are variable. The Riverhead complex typically consists of well-drained, nearly level to strongly sloping sandy and gravelly soils. Slopes range from 0 to 20 percent, but are typically 5 to 12 percent. The underlying material is loose, unweathered, stratified and sorted sand and gravel outwash, mostly of granitic material that contains some shale, sandstone, quartzite and conglomerate. Coarse fragments are mainly gravel and cobbles, but in a few places there are stones and boulders. Permeability is rapid and runoff is moderate.  
(Attachment G)

**Discuss contaminants identified in the soil. Include sampling date, sampling agency or company, sample locations, depth and contaminant level. Determine if the sample was collected on a residential property, school, daycare center, workplace, terrestrial sensitive environment or resource. State whether Level 1 or Level 2 contamination is present.**

On February 20 and 21, 1992, eight soil samples were collected by the PMK Group of Union, New Jersey within the excavation of the 7,000-gallon underground storage tank which was removed on February 10, 1992. Seven of the samples were collected at 9.5 feet below normal grade at various locations of the excavation and analyzed for petroleum hydrocarbons (TPHC). Two of the samples displayed contamination at 74 and 875 parts per million (ppm) TPHC. The sample with the highest TPHC concentration (875 ppm) was sampled again on February 21, 1992, one foot below the original sample at 10.5 feet, and analyzed for TPHC and base/neutral compounds. This sample revealed TPHC contamination at 210 ppm with no base/neutral compounds detected. (Attachment B)

**Total area of surficial contamination (square feet):** Not applicable

If no soil sampling has been conducted, discuss areas of potentially contaminated soil, areas that are visually contaminated or results from soil gas surveys.

The entire site was paved at the time of inspection. No soil gas surveys could be conducted at this time. No areas of stained soil were observed.

(Attachment I)

Determine if any commercial agriculture, silviculture, livestock production or grazing are present on or within 200 feet of the site.

There is no commercial agriculture, silviculture, livestock production or grazing present on or within 200 feet of the site.

Number of people that occupy residences or attend school or day care on or within 200 feet of the site: 0

Number of workers on or within 200 feet of the site: 20

Does a subsurface gas threat exist? (Y/N): No

If so, discuss the threat (include if in homes or occupied building).

## **PART V: GROUND WATER ROUTE**

### **A. HYDROGEOLOGY**

Describe geologic formations and aquifer(s) of concern. Include interconnections, confining layers, discontinuities, composition, hydraulic conductivity and permeability.

Ground water in Morris County occurs in the voids of unconsolidated sediments and fractures in the underlying bedrock. Crystalline rocks of Precambrian age underlie almost the entire northwestern two-thirds of the county. They are primarily granitoid gneisses and pegmatites but include schists, crystalline limestone or marble, magnetite and a few small quartz veins. In most of the county Precambrian rocks are the only source of ground water. Quaternary rocks comprise the unconsolidated surficial deposits which mantle the bedrock surface. These deposits consist of clay, silt, sand, gravel and boulders. These stratified drift deposits form the mineral framework for the most developed ground water reservoir in the county. (Attachment D)

Depth to aquifer of concern: <20 feet

Depth from lowest point of waste disposal/storage to highest seasonal level of the saturated zone of the aquifer of concern:  
unknown



Permeability of the least permeable layer between the ground surface and the aquifer of concern: estimated at  $10^{-5}$  cm/sec

Thickness of aquifer: Overburden up to 200 feet, Brunswick 6,000+  
Direction of ground water flow: Estimated west/southwest in immediate area of the site.

Karst (Y/N): No

Wellhead Protection Area (Y/N): No  
(Attachments A, D)

Distance: N/A

#### B. MONITORING WELL INFORMATION

<u>Well No.</u>	<u>Screen Depth</u>	<u>Formation</u>	<u>Location</u>
MW-1	12-22 ft.	Glacial deposits	See site map

Identify the upgradient well(s): Not applicable

Briefly discuss why the monitoring wells were installed and describe contaminants identified in the monitoring wells. Include Well No., sampling date, sampling agency or company, contaminant levels and remediation standards.

Soil contamination was discovered in the excavation of a 7,000-gallon #6 heating oil tank which was removed from the site on February 13, 1992. Subsequently, a monitoring well was installed in the vicinity of the tank's previous location to determine if the tank had any impact on ground water. On September 24, 1992 representatives of the PMK Group of Union, New Jersey collected ground water samples from the subject well. The sample results indicate that trichloroethene, tetrachloroethene and trans-1,2-dichloroethene were present in the ground water at concentrations of 58, 510 and 69 parts per billion (ppb), respectively. The NJDEP Ground Water Quality Standards for trichloroethene, tetrachloroethene and trans-1,2-dichloroethene are 1, 1 and 100 ppb, respectively. An analysis for base/neutral compounds did not reveal any target compounds above detection limits; however, tetrachloroethene was identified at a concentration of 99 ppb. Three additional unidentified base/neutral compounds were detected in concentrations ranging from 6 to 10 ppb. (Attachment B)

Additional samples were collected from the on site monitoring well during the June 23, 1994 site investigation conducted by NJDEP, Office of Site Assessment personnel. Two ground water samples were also collected at this time from the front of the VIP Cleaners building and the municipal parking lot on the west side of the facility. (See site map) Sample results above current NJDEP,

Ground Water Quality Standards (GWQS) are summarized below. For a complete list of detected contaminants see Table I.

Sample #	Contaminants	Con. (ppb)	NJDEP GWQS (ppb)
MW-1	vinyl chloride	120	5
	1,1 dichloroethene	2	2
	1,2 dichloroethene	820	cis 10 trans 100
	trichloroethene	430	1
	tetrachloroethene	2,600	1
MW-2 (Dup of MW-1)	vinyl chloride	120	5
	1,1 dichloroethene	2	2
	1,2 dichloroethene	820	cis 10 trans 100
	trichloroethene	430	1
	tetrachloroethene	3,000	1
	1,2 dichloropropane	2	1
GW-1	tetrachloroethene	4	1
GW-2	tetrachloroethene	30	1
	chromium	208	100
	lead	115	10

### C. POTABLE WELL INFORMATION

Distance to nearest potable well: 0.2 mile

Depth of nearest potable well: 150 feet

(Attachment C)

Identify all public supply wells within 4 miles of the site:

<u>Water Company</u>	<u>Distance from site (miles)</u>	<u>Depth (feet)</u>	<u>Formation</u>
Southeast Morris County MUA	0.9	265	Brunswick
Southeast Morris County MUA	1.1-1.8 (5 wells)	58-496	Quaternary Dep. & Brunswick
Southeast Morris County MUA	2.1-2.9 (6 wells)	60-210	Quaternary Dep. & Brunswick
Southeast Morris County MUA	3.0-3.8 (3 wells)	60-124	Quaternary Dep.
Parsippany-Troy Hills	3.5 (2 wells)	87-90	Quaternary Dep.

<u>Water Company</u>	<u>Distance from site (miles)</u>	<u>Depth (feet)</u>	<u>Formation</u>
Madison Borough	3.7	160	Quaternary Dep.
Florham Park Borough (Map 5)	3.8	105-139	Quaternary Dep.

Discuss private potable well use within 4 miles of the site. Include depth, formation and distance, if available.

A search of private wells was conducted by the PMK Group of Union, New Jersey during the underground tank removal and subsequent discharge investigation. Three domestic wells were identified within 1 mile of the site. The closest of these is approximately 0.2 mile south of the facility, screened in glacial deposits at 150 feet. (Attachment C)

Discuss the site's source of potable water.

Potable water for the site is provided by the Southeast Morris County Municipal Utilities Authority.

Discuss for each aquifer the population utilizing that aquifer for drinking purposes within 4 miles of the site.

<u>Distance from site (miles)</u>	<u>Population/Aquifer</u>	
	<u>A</u>	<u>B</u>
0 - 1/4	3	3
1/4 - 1/2	6	0
1/2 - 1	0	4,060
1 - 2	16,315	4,060
2 - 3	16,330	8,120
3 - 4	29,145	0

A - Quaternary Glacial Deposits

B - Brunswick Formation

(Attachment C, F)

Discuss any evidence of contaminated drinking water or wells closed due to contamination. State whether Level 1 or Level 2 contamination is present.

Ground water contamination has been identified in the on-site monitoring well; however, there are no reported impacts to potable wells in the area. (Attachment B)

Identify industrial/irrigational wells within the vicinity of the site. Include depth, formation, distance and direction, if available.

The closest industrial/irrigational well is located approximately 0.25 mile east of the site. This well is 298 feet deep, is screened in the Brunswick Formation, and is used by the Powers Motor Company for irrigational purposes. (Map 5)

#### D. POTENTIAL

Discuss the potential for ground water contamination, including any other information concerning the ground water contamination route.

Ground water contamination has been observed at this site which may pose a threat to any potable wells in the immediate area. However, additional investigations would be required to identify or eliminate this site as a source of the subject ground water contamination.

### PART VI: SURFACE WATER ROUTE

#### A. SURFACE WATER

Does a migration pathway to surface water exist (Y/N): No  
Flood plain: >500 year (Map 7) Slope: <3% (Map 1)

Does contaminated ground water discharge to surface water (Y/N): No

Identify known or potentially contaminated surface water bodies. Follow the pathway of the surface water and indicate all adjoining bodies of water along a route of 15 stream miles.

<u>Surface Water Body</u>	<u>Distance from site</u>	<u>Flow(cfs)</u>	<u>Usage(s)</u>
---------------------------	-------------------------------	------------------	-----------------

No surface water pathway was identified for this site.  
(Map 1)

Identify drinking water intakes within 15 miles downstream (or upstream in tidal areas) of the site. For each intake identify the distance from the point of surface water entry, the name of the supplier and population served.

No surface water pathway was identified for this site.  
(Map 1)

Discuss surface water or sediment sampling conducted in relation to the site. Discuss visual observations if analytical data are not available (include date of observation). Include surface water body, sampling date, sampling agency or company, contaminant. State whether Level 1 or Level 2 contamination is present.

No surface water pathway was identified for this site, therefore no sampling of sediments or surface water has occurred.

Determine if surface water is used for irrigation of commercial food or commercial forage crops, watering of commercial livestock or commercial food preparation.

No surface water pathway was identified for this site.  
(Map 1)

Discuss the potential for surface water contamination, include any additional information concerning the surface water route.

The V I P Cleaners site is entirely paved and all operations take place indoors. Contaminated runoff from this site is unlikely.  
(Attachment I)

#### B. SENSITIVE ENVIRONMENTS

Identify all sensitive environments, including wetlands, along the 15 stream-mile pathway from the site:

Environment <u>Type</u>	Surface Water <u>Body</u>	Flow <u>(cfs)</u>	Distance <u>from site</u>	Wetland <u>Frontage</u>
----------------------------	------------------------------	----------------------	------------------------------	----------------------------

No surface water pathway was identified for this site.  
(Map 1)

#### PART VII: AIR ROUTE

Discuss observed or potential air release.

An air permit has been issued to VIP Cleaners for a dry cleaning machine. Currently, no cleaning of materials is conducted on-site. Therefore there is no potential for an air release at this site.  
(Attachment I)

Identify populations residing within 4 miles of the site.

<u>Distance (miles)</u>	<u>Population</u>
0 - 1/4	1,080
1/4 - 1/2	3,245
1/2 - 1	5,875
1 - 2	13,285
2 - 3	6,260
3 - 4	29,145

(Attachment J)

Identify sensitive environments and wetland acreage within 4 miles of the site.

<u>Distance</u>	<u>Type of environment</u>	<u>Wetland acreage</u>
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There is no potential for an air release at this site, therefore there is no threat to sensitive environments or wetlands from this site.

Identify all land resources (commercial agriculture, silviculture or recreation) within 4 miles of the site.

There is no potential for an air release at this site, therefore there is no threat to land resources from this site.

#### PART VIII: DIRECT CONTACT

Describe accessibility of the site (fencing, site security, evidence of unauthorized entry).

The VIP Cleaners site is not fenced; however, operations take place indoors which would prevent a direct contact threat by unauthorized personnel.

Number of on-site employees: 10

#### PART IX: FIRE AND EXPLOSION

Discuss all incidents on site which have involved a fire or explosion. Indicate the date of the incident and the materials involved.

No incidents of fire were discovered during the file search.

Discuss site conditions which indicate a potential exists for fire or explosion (reactivity, incompatibility, ignitability, storage practices, container condition).

Flammable materials are used at the site; however, they are used in relatively small quantities and are not stored in a manner which would create a fire or explosion threat.

#### PART X: ADDITIONAL CONSIDERATIONS

Discuss evidence of wildlife or vegetation that has been or could be potentially impacted by on-site operations. Include areas exhibiting stressed vegetation or damage to wildlife.

Operations at this site do not appear to be causing adverse affects on surrounding wildlife or vegetation.

Determine if a contaminant on site displays bioaccumulative properties. Identify all bioaccumulative substances that may impact the food chain.

Contaminants detected at the VIP Cleaners site are not bioaccumulative in nature.

Discuss observed or potential damage to off-site property. Consider migration routes from the site to an off-site property via soil, air or runoff.

Operations conducted at the VIP Cleaners site do not pose a threat to surrounding properties.

#### PART XI: PREVIOUS OR ONGOING REMEDIAL ACTIONS

Discuss for each medium or area of concern all previous and ongoing remedial activities at the site. Include why initiated, type of action, date and present status.

In February 1992 a 7,000-gallon underground storage tank of #6 fuel oil was removed by Anco Environmental Contracting Inc. under the supervision of the PMK Group of Union, New Jersey. As a result of the tank removal, approximately 130 tons of contaminated soil was removed from the excavation. Subsequently, a monitoring well was installed to determine if ground water was impacted by the tank. Sample results did not indicate a release to ground water had occurred; however, tetrachloroethene (PCE), trichloroethene (TCE) and trans-1,2-dichloroethene were detected in the ground water. Ground Water Quality Standards were exceeded for PCE and TCE. It is possible that historic dry cleaning operations may have

contributed to this ground water contamination. Currently, this case is closed within the NJDEP, Bureau of Underground Storage Tanks. (Attachments A,B)

#### **PART XII: ENFORCEMENT ACTIONS**

No enforcement actions were discovered for the VIP Cleaners site during the file search.

#### **PART XIII: CONCLUSIONS AND RECOMMENDATIONS**

List each area of concern and state whether further remediation is required.

Historic and recent operations at this site have used chlorinated solvents for dry cleaning purposes. During the file search and subsequent visual inspection of the site no pathway was discovered to link this site with the ground water contamination discovered in the on site monitoring well. Samples collected during the June 23, 1994 site investigation of the facility determined that levels of chlorinated solvents, specifically tetrachloroethene (PCE) and associated breakdown components, were higher in the on site monitoring well than upgradient and side gradient samples. These samples indicate that the site may be contributing to the groundwater contamination beneath the site, however, a complete survey of ground water could not be conducted on all sides of the facility due to areas being covered by buildings and other structures. A ground water investigation would be required to positively identify or eliminate this site as a contributor to ground water contamination. Further investigation under CERCLA is warranted.

Submitted by: David Dibblee

Title: HSMS 4

NJDEP, Division of Publicly Funded Site Remediation,  
Office of Site Assessment

Date: February 1995



PART XIV: POTENTIALLY RESPONSIBLE PARTIES

<u>NAME</u>	<u>OWNER/OPERATOR/ KNOWN DISCHARGER</u>	<u>CURRENT ADDRESS</u>
Caroline Laundry	operator	c/o Peter Austin P.O. Box 29 Morris Plains, New Jersey 07950

## ASSIGNMENT OF LEASE

**AGREEMENT** made the       day of June, 2001, between **Milano French Cleaners**, located at 89 Morris Street, Morristown, New Jersey, hereinafter called the Assignor and **Jong Sik Oh**, residing at 700 Victory Blvd., Apt. 18A, Staten Island, New York, and/or a corporation to be formed by John Sik Oh, hereinafter called the Assignee, for the demised premises located at 89 Morris Street, Morristown, New Jersey.

**WHEREAS**, by Lease dated the 1<sup>st</sup> day of November, 1996, made between **Austin & Austin Company**, a New Jersey Corporation, and the Assignor, the premises located at 89 Morris Street, Morristown, New Jersey, were leased to the Assignor for the term of January 1, 1997 through December 31, 2002. This Lease has been further extended through December 31, 2007 at the current yearly rent in accordance with Paragraph 5b of the Lease agreement, and subject to the covenants, conditions and stipulations therein contained.

In consideration of the sum of One and 00/100 (\$1.00) Dollar paid by the Assignee to the Assignor, the receipt whereof is hereby acknowledged, the Assignor assigns to the Assignee the premises described in said Lease, for the unexpired term of said Lease, and the declared extension period, subject to the payment of the rent and performance of the covenants, conditions and stipulations in said Lease.

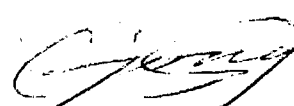
The Assignee covenants during the continuance of said term to pay the rents reserved and to perform the covenants, conditions and stipulations in said Lease to be performed by the Lessee and to keep indemnified the Assignor against actions, claims and demands whatsoever in respect of said rents, covenants, conditions and stipulations or anything relating thereto.

Milano French Cleaners - Assignor

BY: 

Vito Meghnagi - President

DATED: 6/2/2001

  
Jong Sik Oh - Assignee

DATED: 6/2/2001

**GUARANTY OF LEASE**

**LANDLORD: AUSTIN & AUSTIN**

**TENANT: MILANO FRENCH CLEANERS**

**GUARANTOR: VITO MEGHNAGI**

**DEMISED PREMISES: 89 Morris Street, Morristown, New Jersey**

Tenant (as identified above) wishes to enter into a lease with Landlord (as identified above). Guarantor (as identified above and having the address shown below) is an officer, director and shareholder in Tenant and acknowledges that Tenant's entry into a lease with Landlord for the Demised Premises is in Guarantor's economic interest. Landlord is unwilling to enter into a lease with Tenant for the Demised Premises unless Guarantor assures Landlord of the full performance of all Tenant's obligations under the lease. Guarantor is willing to do so.

Accordingly, in order to induce Landlord to enter into the lease with the Tenant and for good and valuable consideration, the receipt and adequacy of which are acknowledged by Guarantor:

1. Subject to the limitation set forth in Paragraph 7 below, Guarantor unconditionally guarantees to Landlord, and the successors and assigns of Landlord, Tenant's full and punctual performance of all of the Tenant's obligations under that certain Commercial Lease of even date herewith between Landlord and Tenant for the Demised Premises (the "Lease"), including, without limitation, the payment of rent

and other charges due under the Lease. Guarantor waives notice of any breach or default by Tenant under the lease. If Tenant defaults in the performance of any of its obligations under the Lease, upon Landlord's demand, Guarantor will preform Tenant's obligations under the Lease.

2. Any act of Landlord, or the successors or assigns of Landlord, consisting of a waiver of any of the terms or conditions of the Lease, or the giving of any consent to any matter related to or things relating to the Lease, or the granting of any indulgences or extensions of time to Tenant, may be done without notice to Guarantor and without affecting the obligations of Guarantor under the Lease.

3. The obligations of Guarantor under this Guaranty will not be affected by Landlord's receipt, application, or release of security given for the performance of Tenant's obligations under the Lease, nor by any obligation of the Lease, including, without limitation the alteration enlargement, or change of the premises described in the Lease, except that in case of any such modification, the liability of the Guarantor will be deemed modified in accordance with the terms of any such modification.

4. The liability of Guarantor under this Guaranty will not be affected:

(a) the release or discharge of Tenant from its obligations under the Lease in any creditors', receivership, and bankruptcy, or other proceedings, or the commencement or pendency of any such proceedings;

(b) the impairment, limitation, or modification of the liability of Tenant or the estate of tenant in bankruptcy, or of any remedy for the enforcement of Tenant's

liability under the Lease, resulting from the operation of any present or future bankruptcy code or other statute, or from the decision in any court;

(c) the rejection or disaffirmance of the Lease in any such proceedings;

(d) the assignment or transfer of the Lease or sublease of all or part of the premises described in the Lease by Tenant;

(e) any disability or other defense of Tenant; or

(f) the cessation from any cause whatsoever of the liability of tenant under the Lease.

5. Until all of the Tenant's obligations under the Lease are fully preformed, Guarantor:

(a) waives any right of subrogation against tenant by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor under this Guaranty.

(b) waives any other right that Guarantor may have against Tenant by reason of any one or more payments or acts in compliance with the obligations of Guarantor under this Guaranty;

and

(c) subordinates any liability or indebtedness of tenant held by Guarantor to the obligations of Tenant and Landlord under the Lease.

6. The Guaranty is a continuing guaranty and will apply to (i) the Lease; (ii) any extension or renewal of the Lease, (iii) any amendment or modification of any

provision, term, covenant or obligation of the Lease, including without limitation, rent obligations, length of term and the premises subject to Lease; and (iv) any holdover term following the term of the Lease, or any such extension or renewal.

7. Guarantor's obligation for continually accruing rent under the Lease, shall cease at such time as the Tenant delivers possession of the Demised Premises to Landlord after an Event of Default by Tenant under the Lease. Guarantor shall remain liable for any unpaid rent accruing to the date Tenant so delivers possession to Landlord. Delivery of possession under this paragraph shall not, however, limit the liability of Guarantor for any other obligations of Tenant under the Lease, including, without limitation, waste, environment obligations under Paragraph 16 of the Lease, and obligations under Paragraph 13 of the Lease.

8. This Guaranty may not be changed, modified, discharged, or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord.

9. Guarantor is primarily obligated under the Lease. Landlord may, at its option, proceed against Guarantor without proceeding against Tenant or anyone else obligated under the Lease or against any security for any of Tenant's or Guarantor's obligations.

10. Guarantor will pay on demand the reasonable attorneys' fees and costs incurred by Landlord, or its successors and assigns, in connection with the enforcement of this Guaranty.

11. Guarantor irrevocably appoints Tenant as its agent for service of process related to this Guaranty.

Guarantor has executed this Guaranty as of the \_\_\_\_ day of June, 2001.

GUARANTOR:



VITO MEGHNAGI

Having an address at:

19 Badger Drive

Livingston, New Jersey



## COMMERCIAL BUILDING LEASE

BETWEEN:

**LANDLORD:** Austin & Austin Company

**TENANT:** Milano French Cleaners

**LOCATION:** 89 Morris Street  
Morristown, N.J.  
Lot 11, Block 4801

**DATE:** November 1, 1996

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## COMMERCIAL LEASE

THIS LEASE, made as of the 1st day of November, 1996, (hereinafter referred to as "Commencement Date"), by and between AUSTIN & AUSTIN COMPANY, having its principal office at the address set forth in Paragraph 1i (hereinafter referred to as "Landlord") and MILANO FRENCH CLEANERS, a New Jersey corporation, having the address set forth in Paragraph 1i (hereinafter referred to as "Tenant").

### 1. Basic Lease Provisions and Definitions.

a. Address of Property: 89 Morris Street, Town of Morristown, Morris County, New Jersey, Lot 11 in Block 4801 on the current tax maps.

b. Approximate Size of Demised Premises: 3,221 square feet.

c. Term: Five years after the Rent Commencement Date.

Vot  
d. Rent Commencement Date: ~~The date on which any of the following events first occur: (i) Tenant opening the Demised Premises for business, (ii) the issuance of a Certificate of Occupancy for the Demised Premises by the Town of Morristown, or (iii) January 1, 1997.~~  
WEA

e. Termination Date: The date immediately preceding the fifth anniversary of the Rent Commencement Date.

f. Base Annual Rent: The base annual rent during the first lease year shall be \$48,312.00, payable in equal monthly installments of \$4,026.00. After the first lease year the base annual rent shall be calculated as provided for in Paragraph 5b.

g. Proportionate Share: 23%

h. Security Deposit: \$8,052.00, subject to reduction to \$4,026.00 at the end of the third lease year in accordance with the terms of Paragraph 21.

i. Addresses for payment of rent and notices:

#### Tenant:

Milano French Cleaners  
19 Badger Drive  
Livingston, N.J. 07039  
Attn: Vito Meghnagi, President

#### Landlord:

Austin & Austin Company  
P.O. Box 29  
Morris Plains, N.J. 07950  
Attn: Peter S. Austin

### 2. Demised Premises.

Landlord leases to the Tenant and Tenant rents from Landlord the premises outlined in red on the plans attached as Exhibit A, consisting of approximately the gross square feet of rentable floor space shown in Paragraph 1b ("Demised Premises") in a certain building(s) complex located on lands described or shown in Exhibit B and at the address indicated in Paragraph 1a (the lands on which the Demised Premises is situate, as well as all buildings, common areas and other improvements now or hereafter located on said lands shall be collectively referred to as the "Property"), along with the right to use, in common with other tenants, the areas, if any, now or hereafter designated by Landlord for common use including, but not limited to, parking facilities, drives, passageways, landscaped areas, (collectively referred to as "common area").

### 3. Term.

The term of this Lease shall commence on the Commencement Date and shall end on the date ("Termination Date") which is the day immediately preceding the fifth anniversary of the Rent Commencement Date (as defined in Paragraph 1d), except if terminated earlier as provided herein. If the Rent Commencement Date or Termination Date set forth in Paragraphs 1d and 1e are not specific dates but depend upon the occurrence of certain events or conditions in the future, or if the actual Rent Commencement Date or Termination Date shall be other than the specific date therefor set forth in Paragraph 1d or 1e, the parties agree to execute a memorandum stating the actual Rent Commencement Date or Termination Date once same has been determined.

### 4. Condition of Premises.

a. Landlord shall deliver the Demised Premises to Tenant on the Commencement Date in an "as is", "where is" and "with all faults" condition. Tenant shall be responsible for all leasehold improvements at its own cost and expense in accordance with Paragraph 11c. The Landlord approves the leasehold improvements which, as of the Commencement Date, have been constructed by Tenant at the Demised Premises.

b. Tenant shall be solely responsible, at its own cost and efforts, to obtain an unconditional and final Certificate of Occupancy for its business to be conducted at the Demised Premises, and for all zoning permits, building and other construction permits, licenses and any other governmental approvals and consents associated with or required in connection with the Certificate of Occupancy for the Demised Premises or Tenant's use, occupancy and conduct of business at the Demised Premises. Tenant shall be solely responsible, at its own cost and efforts, to make such improvements and perform such work as necessary in order for Tenant to lawfully conduct its business at the Demised Premises.

c. Landlord reserves throughout the term of this Lease, the right to block up the existing 8' x 8' overhead door in the rear of the Demised Premises. In the event Landlord elects to block up said overhead door, Landlord shall install, at its own expense, (i) a 3' wide passage door and (ii) either, a skylight, or a roof mounted fan for ventilation. Landlord reserves the right to recapture, at any time during the term and upon at least 15 days prior notice (the recapture to take effect at the end of the notice period set forth in the notice), approximately 36 square feet of space within the Demised Premises in a location shown in yellow on Exhibit A. Upon recapturing the aforesaid space, (i) the recaptured space shall no longer be part of the Demised Premises, (ii) Landlord shall install the necessary demising walls to separate the recaptured space from the Demised Premises, (iii) the base annual rent then in effect shall be reduced, as of the date of recapture, by the percentage of the Demised Premises recaptured, based on square footage (for example, if in the first lease year 30 square feet are recaptured, the new base annual rent from the date of recapture would be calculated by reducing \$48,312 by .93% [30 square feet divided by 3221 square feet], which would result in a new base annual rent of \$47,862.70), and the Proportionate Share shall be recalculated in accordance with Paragraph 29a (7), and (iv) the minimum base annual rent of \$54,757.00 for the Option Period as set forth in Paragraph 27 shall be reduced by the same percentage as for the reduction of base annual rent under subsection (iii) above.

### 5. Rent.

a. Tenant's obligation to pay rent shall commence on the Rent Commencement Date. Tenant agrees to pay Landlord and Landlord hereby reserves, as base rent for the Demised Premises, the sum of the base annual rentals indicated in Paragraph 1f and Paragraph 5b.

b. During the first lease year the base annual rent shall be the amount indicated in Paragraph 1f. Commencing on the first anniversary of the Rent Commencement Date and continuing throughout the term (including, the Option Period, as defined below), the base annual rental shall be adjusted on each and every anniversary of the Rent Commencement Date ("Adjustment Date") by multiplying the amount of the base annual rent charged in the prior lease

year immediately prior to the Adjustment Date at issue by the fraction which has as its numerator the CPI (as herein defined) figure for the September immediately prior to the Adjustment Date at issue and as its denominator the CPI figure for the September one year prior to the September used in the numerator. [For example, if the Rent Commencement Date is December 5, 1996, then the adjustment for base annual rent for the second lease year would take place on December 5, 1997, the first anniversary of a Rent Commencement Date, which would be the Adjustment Date for the second lease year. The new base annual rent would be calculated multiplying \$48,312, the base annual rent charged in the immediately prior lease year, by the fraction which has the CPI for September, 1997 as its numerator and the CPI for September, 1996 as its denominator].

Irrespective of the results of any calculation, in no event shall the base annual rental in any lease year be less than the amount of the base annual rental charged in any prior lease year. The term "CPI" shall mean the Revised Consumer Price Index for Urban Wage Earners and Clerical Workers, All Items, New York, New York - Northeastern New Jersey, or in the event such index is discontinued, any other index evidencing comparable statistics on the purchasing power of the consumer dollar, reasonably selected by Landlord. Until the CPI figure for the months needed for the adjustment calculations are published, rent shall be paid on an estimated basis using the base annual rental figure for the immediately prior lease year, with the appropriate adjustment to be made after the aforesaid CPI figure is published. The base annual rental, as adjusted, shall be paid in equal monthly installments through the applicable months of the lease year in question.

c. Except as otherwise provided, all payments of base annual rent and additional rent shall be made by the Tenant to the Landlord, without notice or demand and without any abatement, deduction or set-off, in equal monthly installments, in advance, and shall be due and payable on the first day of each and every calendar month throughout the term based upon the base annual rent and applicable monthly installments thereof set forth in paragraph 1f. The monthly rent installment for the first month of the term shall be due and payable upon execution of this Lease.

d. Failure of Tenant to pay any rent installment as provided herein within seven (7) days following the due date for such installment, Landlord may impose a late charge of five (5%) percent of the installment due, said late charge to be immediately due and payable with the installment. The late charge percentage has been agreed by the parties to be a reasonable estimate of the additional administrative expense to Landlord in handling late payments. The payment and acceptance of the late charge will not constitute a waiver by Landlord of any event of default by Tenant under the Lease.

e. In the event any check from Tenant is returned unpaid to Landlord, Tenant shall be obligated to pay Landlord, in addition to any applicable late charge under Paragraph 5c, a service charge in the amount of (a) \$50 or (b) twice the amount charged to Landlord by its bank on account of the returned item, whichever is greater. This service charge is agreed by the parties to be a reasonable estimate of the additional administrative expenses to Landlord in handling a returned item.

f. In the event the amount of base annual rent shall change on any day other than the first day of a calendar month, the monthly installment of base rent payable in that calendar month shall be calculated using the applicable base annual rent for that month on a per diem basis. Similarly, if the Rent Commencement Date is other than the first day of the month or the Termination Date is other than the last day of the month, rent for the partial month at the beginning and end of the term shall be prorated on a per diem basis.

#### 6. Real Estate Taxes and Assessments.

a. The Tenant agrees that with respect to each Tax Year (as hereinafter defined) or partial Tax Year during the term of the Lease, Tenant shall pay as additional rent an amount equal to its Proportionate Share of the Taxes (as hereinafter defined) assessed against the Property. Such sum shall be due and payable with the monthly rent in installments reasonably estimated by Landlord, subject to periodic adjustment. After the end of each Tax Year (or at the end of the

term), the Landlord shall prepare an accounting as to Tenant's obligations under this paragraph for the Tax Year just ended, deducting the aggregate monthly installments paid by Tenant hereunder during such Tax Year from the amount of Tenant's Proportionate Share of Taxes for such Tax Year. Landlord shall issue a billing statement to Tenant based upon said accounting, with any deficiency being due from Tenant, or any overage being credited to Tenant, with the monthly rent installment next following the billing (except with respect to the final billing at the end of the term, in which case the deficiency shall be paid within ten (10) days after billing or the overage refunded to Tenant within ten (10) days following the billing, provided Tenant is not in default under the Lease). In calculating Tenant's Proportionate Share of Taxes in the partial Tax Years in which this Lease commences or terminates, Taxes shall be prorated based upon the number of days that this Lease is in effect during those Tax Years.

b. The term "Taxes" shall mean the aggregate of all real estate taxes, assessments and other governmental charges and levies, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind or nature whatsoever (including, without limitation, assessments for public improvements or benefits and interest on unpaid installments thereof, and impositions for special improvement districts) which may be levied, assessed or imposed upon the Property from time to time. The term "Taxes" shall not, however, include inheritance, estate, succession, transfer, gift, franchise, corporation, income or excess profit taxes imposed upon Landlord. In the event a special or local assessment shall be levied against the Property and said assessment may by law be payable in a series of annual installments rather than a single payment, then Tenant shall be only responsible to pay, each Tax Year, an amount equal to its Proportionate Share of what would be the permitted annual installment for that assessment, whether or not Landlord elects to pay the assessment in installments.

The term "Tax Year" shall mean the twelve (12) month period established as the real estate tax year by the taxing authorities having jurisdiction over the Demised Premises. The Tax Year in effect as of the date of this Lease is a calendar year.

c. Landlord shall have the sole, absolute and unrestricted right, but not the obligation, to contest the validity or amount of any Taxes by appropriate proceedings. If Landlord shall institute any such contest, it shall have the sole, absolute and unrestricted right to settle any negotiation, contest, proceeding or action upon whatever terms Landlord may, in its sole discretion, determine. In the event Landlord receives any refund of Taxes (and provided Tenant is not then in default under this Lease), Landlord shall credit such proportion of the refund as shall be allocable to the Tenant's Proportionate Share of Taxes (less costs, expenses and attorney's fees) against the next succeeding payments of Taxes due from Tenant.

d. If at any time during the term of this Lease the methods of taxation prevailing on the date of this Lease shall be altered so that in addition to or in lieu of or as a substitute for the whole or any part of the taxes now levied, assessed or imposed (i) a tax on the rents received from the Property; or (ii) a license fee measured by the rents receivable by Landlord from the Property; or (iii) a tax or license fee imposed upon Landlord which is otherwise measured by or based in whole or in part upon the Property or any portion thereof, then, anything contained in this Lease to the contrary notwithstanding, such tax or fee shall be included in the computation of Taxes, computed as if the amount of such tax or fee so payable were that part due if the Property were the only property of Landlord subject thereto.

#### 7. Utilities and Services.

a. As additional rent, Tenant shall pay its Proportionate Share for all charges for water and sewer attributable to the Property. Notice of said water and sewer charges shall be sent by Landlord to the Tenant and the payment of Tenant's Proportionate Share thereof shall be due and payable together with the next monthly rent installment following the notice. In the event separate meters are installed to monitor Tenant's use of sewer and/or water, Tenant shall be responsible to pay for its actual use of water and sewer at the Demised Premises as determined by the separate meter(s) monitoring Tenant's use and such water and sewer charges (based on the rates charged to Landlord by the company supplying the water and/or sewer service) shall be paid

separate meters are installed to monitor Tenant's use of sewer and/or water, Tenant shall be responsible to pay for its actual use of water and sewer at the Demised Premises as determined by the separate meter(s) monitoring Tenant's use and such water and sewer charges (based on the rates charged to Landlord by the company supplying the water and/or sewer service) shall be paid as additional rent, together with the next monthly rent installment following the billing by Landlord. In the event Tenant's use is billed directly by the water and/or sewerage company supplying service, Tenant shall pay such bills directly to the supplier within the time periods allowed by the supplier without imposition of interest or penalty, but in no event later than thirty (30) days after billing. Landlord shall have no obligation to install separate meters.

b. Tenant shall be solely responsible to arrange for its own account with the appropriate utility company or supplier and pay, at its own expense, directly to such utility company or supplier, for all utilities used at the Demised Premises, including, but not limited to, electricity, gas, oil and telephone.

c. Tenant shall be solely responsible to arrange for and pay, at its own expense, directly to the trash disposal company providing the service, for all trash and garbage disposal from the Demised Premises and off the Property.

d. Tenant shall maintain, at its own expense, the parking lot, sidewalk and driveway ("Front Parking Facility") in front of the Demised Premises and the store immediately adjacent thereto ("Adjacent Store"), which shares said parking lot and driveway, free and clear of snow and ice. At such time as the Adjacent Store is leased, Landlord agrees to provided in such lease for the Adjacent Store that the lessee of the Adjacent Store shall be responsible to pay to Tenant 40% of the reasonable costs incurred by Tenant for snow and ice removal at the Front Parking Facility, so long as the lease for the Adjacent Store is in effect. Landlord shall have no obligation or responsibility to share in the cost of the snow and ice removal for the Front Parking Facility, irrespective of whether the Adjacent Store is vacant or leased, nor shall Landlord have any obligation or responsibility for or with respect to the payment of any monies to Tenant by the lessee of the Adjacent Store under this Paragraph or the enforcement of any right of the Tenant or the lessee of the Adjacent in connection with this Paragraph or the snow and ice removal at the Front Parking Facility.

Tenant's obligations to provide snow and ice removal at the Front Parking Facility shall be subject to and specifically covered by the indemnity given to Landlord by Tenant under Paragraph 13.

#### 8. Operating Expenses.

a. Tenant shall pay, as additional rent, an amount equal to its Proportionate Share of the Operating Expenses (as hereafter defined) paid or incurred by the Landlord in each calendar year or partial calendar year during the term of this Lease.

b. The term "Operating Expenses" shall mean the costs and expenses paid or incurred in operating, maintaining, repairing, inspecting, insuring, protecting and managing the Property, including, but not limited to, costs and expenses arising out of the following (to the extent same are provided at the Property): lighting for parking areas and other common areas; lawn mowing, gardening and landscaping (including planting, replanting and replacing flowers, trees and shrubs); cleaning; premiums for public liability, fire, casualty, all risk (including rent insurance), workman's compensation, boiler and extended coverage insurance and other types of insurance and costs relating to the Property; parking lot and driveway paving, striping, repair and replacement; property management; electrical, gas and other utility services; general maintenance and repair of the Property, including roof, structural components, building systems and facilities; capital expenditures (under generally accepted accounting principles) for improvements and repairs to the Property required by any change in laws, ordinances, rules, or regulations that were not in effect at the time the improvements on the Property were constructed (however, such costs will be amortized over the useful life of the capital improvement or repair); capital expenditures (under generally accepted accounting principals) for improvements or repairs or other modifications to the Property that will reduce Operating Expenses (however, such costs will be amortized over the





useful life of the capital improvement, repair or modification); janitorial services; and permits, governmental fees, inspections and licenses. Operating Expenses will not include: depreciation of the Property; costs of alterations to portions of the Property leased to other tenants in order to prepare same for such tenant's acceptance of possession; real estate brokers' commissions;

mortgage interest and capital expenditures other than those referred to above in this Paragraph 8b.

c. Tenant shall pay its Proportionate Share of Operating Expenses in monthly installments on the first day of each calendar month during the term, in advance, and in an amount estimated by Landlord. Adjustments to the estimated payment shall be made periodically after the actual cost and expense data for the Operating Expenses for the period being billed is known. In the event the Tenant shall have overpaid its Proportionate Share of Operating Expenses for any billing period, such overpayment shall be credited against the next month's installment of Operating Expenses due from Tenant. In the event Tenant shall have underpaid its Proportionate Share of Operating Expenses for any billing period, such underpayment shall be paid within thirty (30) days after the billing of same.

9. Use and Operation of Premises as a Retail Dry Cleaners and Laundry.

a. Throughout the term of this Lease, Tenant covenants to use the Demised Premises solely as a retail dry cleaners and laundry. The Tenant represents and covenants that its Standard Industrial Classification number, now and throughout the term of this Lease is and shall remain 7216.

b. The Tenant shall not permit the Demised Premises to be used for any unlawful purpose, nor shall Tenant commit or suffer any waste. The Tenant agrees to carefully preserve, protect, control and guard the Demised Premises from damage. Tenant shall not store equipment, machinery, materials, inventory or supplies or other personalty outside of the Demised Premises, nor shall Tenant conduct any business outside of the Demised Premises. Tenant shall not park any vehicles outside of the Demised Premises overnight. Tenant shall maintain the outdoor planter in front of the Demised Premises with flowers and/or other plantings. Tenant shall keep and maintain the Demised Premises and all exterior areas adjoining and in the immediate vicinity of the Demised Premises clean and orderly, free and clear of accumulations of dirt, debris and weeds. Tenant covenants to comply with all reasonable rules and regulations which Landlord may, at any time or from time to time during the term of this Lease, impose on Tenant and the other lessees, their employees, agents, licensees and customers.

10. Insurance.

a. As additional rent, Tenant agrees to pay its Proportionate Share of all fire and extended coverage insurance and all liability insurance maintained by the Landlord for the Property including, but not limited to, rent insurance and insurance for personal injury and property damage.

b. Tenant shall not do or permit to be done any act or thing on the Demised Premises which shall invalidate or be in conflict with, or cause any additional premium for, any fire insurance policy insuring the Property. Tenant shall provide its own insurance coverage for its trade and other fixtures, furnishings, equipment, inventory and other personal property at the Demised Premises. Landlord shall have no obligation to repair, restore or replace any such fixtures, personal property or improvements of Tenant in the event of casualty.

c. Tenant shall, during the entire term hereof, at its sole cost and expense, keep in full force and effect a policy of commercial general liability and property damage insurance with respect to the Demised Premises and the business operated by Tenant in the Demised Premises with a combined single occurrence limit of not less than TWO MILLION (\$2,000,000.00) DOLLARS (which may include "umbrella" insurance coverage of not more than \$1,000,000), subject to increase and other modifications, at the reasonable discretion of the Landlord consistent with the prudent management of commercial properties. The policy shall be from a New Jersey licensed insurance company with at least a Best's rating of "A" written on a so-called "commercial general liability form" and shall name the Landlord, mortgagees and Tenant as insureds. The policy shall contain clauses (i) that all the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured; (ii) the amount of any "deductible" shall be not more than \$1,000; (iii) that the insurer will not cancel, fail

to renew or adversely modify the insurance without first giving the Landlord thirty (30) days prior written notice; (iv) blanket contractual liability; and (v) insuring Tenant under any "hold harmless" and "indemnity" provisions of this Lease. A copy of the policy or a certificate of insurance shall be delivered to Landlord on or before the Commencement Date, and a current copy of same maintained with Landlord at all times thereafter.

d. Landlord and Tenant waive all rights to recover against each other or against any other tenant or occupant of the Property, or against the offices, directors, shareholders, partners, joint venturers, employees, agents, customers, invitees or business visitors of each other or of any other tenant or occupant of the Property, for any loss or damage arising from any cause covered by any insurance required to be carried by each of them pursuant to this Paragraph 10 or any other insurance actually carried by each of them. Landlord and Tenant will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all policies of insurance carried in connection with the Property or the Demised Premises or the contents of either of them. Tenant will cause all other occupants of the Demised Premises claiming by, under or through Tenant to execute and deliver to Landlord a waiver of claim similar to the waiver in this Paragraph 10d and to obtain such waiver of subrogation rights endorsements.

#### 11. Repairs and Alterations.

a. The Tenant covenants that throughout the term of this Lease it will take good care of the Demised Premises, including all alterations, changes and improvements at any time erected thereon, and to keep and maintain same in good order and condition, and shall promptly make, at its sole cost and expense, all repairs and replacements to all non-structural elements and the exterior and interior of the Demised Premises, including but not limited to windows, window frames, doors, locks, closing devices, floors, floor coverings, walls (other than structural defects), ceilings, lighting fixtures and bulbs. Tenant shall also keep and maintain in good order and condition, and shall promptly make, at its sole cost and expense, all repair and replacements to all electrical, air conditioning, heating, plumbing and other mechanical installation. Tenant shall also, at its sole cost and expense, maintain and repair exterior signs affixed to the Demised Premises or elsewhere and Tenant shall replace any glass windows in the Demised Premises, if damaged or broken.

Landlord shall be responsible throughout the term of this Lease for maintaining and repairing the roof and all structural elements of the Demised Premises.

Tenant shall not be entitled to any set-off or abatement in rent in the event that its use or occupancy of the Demised Premises is temporarily disturbed or diminished as a result of repair or maintenance work of Landlord or its agents, workers or contractors. Landlord shall endeavor to minimize any such interference with Tenant's use or occupancy while performing work to such extent as reasonably practical.

b. Tenant shall, during the term of this Lease, at its sole cost and expense, promptly comply with and make any repair required by any statute, ordinance, rule, order, regulation or requirement of the Federal, State and Municipal Government and any and all departments, agencies, bureaus and subdivisions thereof having jurisdiction thereover, for the correction, prevention and abatement of nuisances, violations or other grievances in, upon or connected with the Demised Premises other than those nuisances, violations or other grievances resulting from conditions created by Landlord. Tenant agrees to observe and promptly comply with (i) all rules, orders and regulations of the Board of Fire Underwriters; and (ii) the requirements of all insurance policies maintained by the Landlord on the Demised Premises or on the property of which the Demised Premises are a part.

c. Tenant shall have the right during the term of this Lease to make interior alterations and interior improvements ("Alterations") to the Demised Premises subject to the following conditions: (i) Tenant shall first obtain all governmental permits and approvals, if any, required therefor; (ii) no Alteration of or involving the structural portions of the building shall be undertaken until detailed plans and specifications have first been approved in writing by the Landlord; (iii) all Alterations when completed shall be of such a character as shall not reduce, or

otherwise adversely affect, the value, cubic content or structural soundness of the Demised Premises; (iv) all Alterations shall be done promptly and in a good and workmanlike manner and in compliance with all governmental laws, ordinances, orders, rules, regulations and requirements, and in accordance with the orders, rules and regulations of the Board of Fire Underwriters or any other body exercising similar functions and having jurisdiction thereof; (v) Tenant shall, prior to performing any, work provide Landlord with evidence that Tenant has (and will continue to have), at its sole cost and expense, adequate insurance therefor, including statutory workmen's compensation insurance (or certificates for contractors indicating workmen's compensation insurance is in force) covering all persons employed in connection with the work, builder's risk insurance and general liability insurance for the mutual benefit of the Tenant and the Landlord with limits reasonably acceptable to Landlord, at times when any work is in process in connection with any Alteration; (vi) Tenant shall pay all increased taxes and insurance premiums assessed or charged as a result of the Alterations. The Tenant shall not be permitted to do any work on the Demised Premises which would void any portion of Landlord's insurance coverage.

## 12. Eminent Domain.

a. If the total Demised Premises are taken or purchased by, through or in lieu of condemnation proceedings or any right of eminent domain, with or without the entry of an order in a judiciary proceeding (hereinafter the words "Taking" or "Taken" shall refer to any such taking or sale of the Demised Premises, whether in total or part), this Lease shall terminate as of the date the Demised Premises shall be so Taken.

b. In the event that only a portion of the Demised Premises is Taken, this Lease shall remain in full force and effect, the Demised Premises as defined under this Lease shall become the portion of the Demised Premises remaining after the Taking, the base annual rental payable hereunder shall be abated in the proportion that the square footage of floor space of the Demised Premises Taken bears to the square footage of floor space of the Demised Premises as it existed prior to the Taking and the Proportionate Share shall be recalculated using the square footage of the Demised Premises divided by the total rentable enclosed floor area of the Property, as both exist after the Taking. In the event, however, the portion of the Demised Premises to be Taken will constitute twenty five (25%) percent or more of the floor area of the Demised Premises or would adversely affect, in a material manner, Tenant's use and enjoyment of the Demised Premises, or in the event all or such portion of the parking area on the Property in the front of the Demised Premises is taken so as to result in the loss of half the number of parking spaces in said front lot from that number of spaces that existed prior to such Taking and Landlord does not provide access to an equivalent number of reasonably convenient substitute parking spaces, Tenant shall have the right to terminate this Lease, provided Tenant gives Landlord written notice of its election to terminate no later than thirty (30) days following the earlier of the date of the Taking or the date Landlord gives Tenant written notice that a portion of the Demised Premises is being Taken. In the event Tenant elects to terminate, the Lease shall terminate on the date sixty (60) days following Landlord's receipt of Tenant's notice of termination.

c. In the event of a partial Taking and this Lease is not terminated, Landlord shall make such repairs to the Demised Premises as is necessary in order to restore same to an architectural unit. In the event the net proceeds of the condemnation award made available to Landlord for use in restoring the Demised Premises will not be sufficient to pay for such costs in full, Landlord shall have the right to terminate this Lease upon giving Tenant notice of such election, in which event this Lease shall terminate on the thirtieth (30th) day following the giving of such notice.

d. The date of any Taking shall be the date title to the Demised Premises is vested in said authority. Subject to the provisions in this Paragraph 12, rent shall be adjusted and the Proportionate Share recalculated as of the later of (i) the date of said Taking, or (ii) the date Tenant vacates and surrenders possession of the portion of the Demised Premises being Taken.

e. Upon any termination of this Lease as provided in this Paragraph 12, the Termination Date under this Lease shall become the date of such termination. Irrespective of a termination of the Lease under this Paragraph 12, Tenant shall remain liable for all rent and other

obligations under this Lease, which, but for the termination, would otherwise have arisen, through such time as Tenant vacates and surrenders possession of the Demised Premises. All rent or other charges paid in advance for any period after the Termination Date shall be refunded, less any sums due Landlord, to Tenant, provided Tenant is not in default under this Lease.

f. All compensation and damages awarded for any Taking of the Demised Premises or the Property, whether a total or a partial Taking, shall belong solely to the Landlord and Tenant shall have no right or claim to any part of such compensation or damages as a result of the loss of its leasehold interest, leasehold improvements or otherwise. Tenant waives any and all claims it may have against Landlord relating to any Taking. Tenant may pursue a claim for relocation expenses from the Taking authority, but in no event may Tenant pursue any claim against the Taking authority which would in any way reduce or adversely affect the claim of Landlord.

g. Upon termination of this Lease, Tenant shall vacate the Demised Premises and surrender possession thereof pursuant to Paragraph 24 of this Lease, on the Termination Date.

h. In the event of a Taking of the Demised Premises, whether in whole or in part, for a fixed period of time or for the duration of an emergency or other temporary condition (hereinafter referred to as a "Temporary Taking"), then this Lease shall continue in full force and effect without any abatement in rent, but the amounts payable by the Taking authority during the term of this Lease as a result of the Temporary Taking shall be paid to the Landlord and such Taking authority shall otherwise be considered the subtenant of Tenant. Landlord shall apply the amounts received from the Taking authority applicable to the rent due as a result of the Temporary Taking (net of Landlord's costs of collection) toward the amount due from Tenant as rent for that period. Any deficiency between the amount paid by the Taking authority under a Temporary Taking and the amount of rent due under this Lease shall be paid by Tenant, or any amounts so received by Landlord from the Taking authority in excess of the rent due under this Lease shall be paid to Tenant.

### 13. Indemnity and Liability for Injury and Loss.

a. Tenant shall indemnify, defend and save Landlord, its agents and employees harmless from and against all injuries, causes of action, penalties, fines, liabilities, claims, damages, losses and expenses (including, without limitation, reasonable attorneys' fees, litigation expenses and court costs) incurred in connection with or arising from: (1) any acts, omissions or negligence of Tenant, any person claiming under Tenant, or the employees, agents, contractors, invitees or visitors of Tenant or of any person claiming under Tenant (hereafter collectively "Tenant or Others"); (2) any activity, work or thing done or permitted or suffered by Tenant or Others in or about the Demised Premises; (3) the use or occupancy of the Demised Premises by Tenant or Others; (4) any breach, violation or non-performance by Tenant or Others of any term, covenant or provision of the Lease or any law, ordinance or governmental requirement of any kind; or (5) any injury or damage to the person, property or business of Tenant or Others, except if proximately caused by the negligence of Landlord or results proximately from the negligence of Landlord. If any action or proceeding is brought against Landlord, its agents or employees by reason of any claim or matter indemnified hereunder, Tenant shall, upon notice from Landlord, defend the claim on Landlord's behalf at Tenant's expense with counsel reasonably satisfactory to Landlord.

b. Tenant, throughout the term of this Lease, continuously waives and releases all claims against Landlord, its agents and employees with respect to all matters for which Landlord disclaimed liability pursuant to the provisions of this Lease. Landlord (1) shall not be liable to Tenant or Others on the Demised Premises for any damage either to person or property, except if the damage is proximately caused by the negligence of Landlord or results proximately from the negligence of Landlord; (2) shall not be responsible or liable in any way whatsoever for the quality, quantity, impairment, interruption, stoppage of or other interference with services involving water, heat, gas, electrical current for light and power, telephone or any other utility service; (3) shall not be liable for any loss, death, damage or injury by or from theft; act of God; public enemy; insurrection; war; riot; strike; injunction; court order; order of governmental body or authority; fire; explosion; casualty loss; falling objects; the breakage, leakage, obstruction or

other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures at the Property; water; steam; electricity; gas; rain; ice; hail; sleet; snow; or the construction, repair or alteration of the Demised Premises or from any acts or omissions of the Tenant or Others; or any cause beyond Landlord's control which may be sustained by Tenant or Others.

#### 14. Lease Subordination.

a. This Lease shall not be a lien against the Demised Premises in respect to any mortgage(s) that now or hereafter may be placed against the Property or any part thereof, and that the such mortgage(s) shall be superior and prior in lien to this Lease, irrespective of the date of granting or recording. Tenant agrees to accept any mortgagee as the Landlord hereunder and to perform its obligation as Tenant under this Lease, if any mortgagee acquires title to the Property by foreclosure or otherwise, and further agrees that the mortgagee so acquiring title shall not: (i) be liable for any previous act or omission of Landlord or for the return of any security deposit unless same is put in its possession; (ii) be subject to any prior defenses or offsets; (iii) be bound by any modification of this Lease not expressly provided for in this Lease or by any previous prepayment of more than one month's rent, unless such modification or prepayment shall have been expressly approved in writing by said mortgagee; or (iv) be liable for the performance of Landlord's covenants and agreements contained in this Lease to any extent other than to the mortgagee's ownership in the Demised Premises, and no other property of such mortgagee shall be subject to levy, attachment, execution or other enforcement procedure for the satisfaction of Tenant's remedies.

b. The term "mortgage" as used in this section includes mortgages, deeds of trust or any similar instruments and modifications, extensions, renewals and replacements thereof.

c. The provisions of the subordination and attornment contained in this paragraph shall be self-operative and no further instrument of subordination shall be required in order to bind Tenant hereunder. In the event Landlord desires confirmation of such subordination and attornment, Tenant shall deliver a confirmatory instrument.

d. Tenant does hereby agree to any assignment by Landlord, now or hereafter, of the rentals under this Lease to a mortgagee, and all extensions, renewals, modifications and replacements thereof. Upon request, Tenant shall, within five (5) days after receipt, execute and deliver to Landlord an acknowledgment, in a form required by any mortgagee, stating (i) it is the Tenant under this Lease; (ii) the Demised Premises have been unconditionally accepted and occupied and rent payments have commenced; (iii) the Lease is in full force and effect and fully set forth the agreement of the parties; (iv) the Lease has not been modified, amended, assigned or sublet; (v) no claim or right of set-off exists and neither Landlord nor Tenant is in default and no grounds for reducing the rent or canceling the Lease exist; and (vi) any exceptions to the above statements.

#### 15. Casualty Damage.

a. If, after the date hereof, the Demised Premises should be damaged or destroyed by fire or other casualty (hereinafter referred to as "Casualty Damage"), Landlord shall, at its option and in accordance with the provisions of this Paragraph 15, either repair and restore the Demised Premises or terminate this Lease. Landlord shall notify Tenant, in writing, of its election, not more than thirty (30) days after a settlement of its insurance claim with respect to the Casualty Damage.

b. In the event Landlord does not elect to terminate the Lease, Landlord shall repair or restore the Demised Premises to substantially the condition in which the Demised Premises was to be delivered to Tenant at commencement of this Lease pursuant to Paragraph 4 of this Lease or to substantially the condition in which the Demised Premises was in immediately prior to the Casualty Damage, at Landlord's option. Landlord shall not be required to repair, replace or restore any trade fixtures, signs or other installations and improvements theretofore made by Tenant, nor any products, merchandise, furniture, equipment, machines, supplies or other

personalty of Tenant or others which may have been destroyed or damaged at the Demised Premises, as same shall be the obligation of Tenant to repair, replace or restore, with due dispatch at such time as the condition of the Demised Premises is ready for such work to take place.

c. In the event of Casualty Damage, the monthly installments of base annual rent will be abated, as reasonably determined by Landlord, in proportion to the measure of business at or usage of the Demised Premises which Tenant is required to discontinue as a result of the Casualty Damage, unless the Casualty Damage was caused by the fault of the Tenant, its agents, employees, customers, contractors or invitees, in which event there shall be no abatement of rent. The abatement of rent shall continue for the period commencing with the occurrence of the Casualty Damage and ending with either the completion by the Landlord of the repairs or restoration which it is required to perform hereunder, or, in the event the Lease is terminated, then through the Termination Date.

d. In the event this Lease is terminated in connection with the total destruction of the Demised Premises or a partial destruction under which Tenant is unable to use any portion of the Demised Premises, the date of the notice electing to terminate shall become the Termination Date of this Lease. In the event a portion of the Demised Premises is damaged or destroyed and Tenant is using a portion of the Demised Premises, the Termination Date, in the event the Lease is terminated, shall be the sixtieth (60th) day after the date of the notice electing to terminate, or the date the Tenant quits and surrenders possession of the Demised Premises to Landlord, whichever occurs first. In all events, Tenant shall be obligated to quit and surrender the Demised Premises to the Landlord on the Termination Date.

#### 16. Compliance with Environmental Laws.

For purposes of this Lease, the following words and phrases have or include the meanings thereafter appearing: "Hazardous substances or wastes" shall include any pollutants, contaminants, dangerous substances, toxic substances, wastes, materials or substances, the presence of which requires investigation, monitoring, reporting or remediation under any federal, state or local statute, regulation, ordinance, order, law, action, policy or common law; "Discharge" shall mean any release, spill, leak, pumping, pouring, emitting, emptying, discharge, injecting, escape, leaching, disposing or dumping of hazardous substances or hazardous wastes; "Remediation" or "remediate" or "remedial" shall include any and all actions to investigate, test, sample, analyze, evaluate, monitor or clean up any known, suspected or potential Discharge or any action required to be taken pursuant to any Environmental Law (as hereinafter defined). "Remediation plans" shall mean all plans, studies, applications, forms, filings, proposals, reports, data, exhibits or any other documentation concerning or related to, directly or indirectly, compliance with Environmental Laws, sampling or testing results, environmental reports (including without limitation Phase I and Phase II audits) remediation reports, data, charts, maps, analyses, conclusions and quality assurance/quality control documentation. "Environmental Laws" shall mean all applicable present and future statutes, laws, ordinances, codes, regulations, rules, licenses, permits, orders, judgments, approvals, plans, authorizations and similar items of the United States of America, the State of New Jersey, the municipality or county in which the Property is situated and all governmental and quasi-governmental agencies, departments, commissions, boards, bureaus, branches or instrumentalities thereof, relating to hazardous substances or wastes, or to the discharge or remediation thereof, or to the protection of health, safety or the environment.

Tenant shall, at Tenant's own expense, comply with all Environmental Laws applicable to the Demised Premises, Tenant's use thereof, Tenant's activities thereat, or the materials used or maintained by Tenant thereat, or to which Tenant may otherwise be subject. Tenant's obligation to comply with Environmental Laws shall specifically include, but shall not be limited to, the Industrial Site Recovery Act, N.J.S.A. 13:1k-6 et. seq. and the regulations promulgated thereunder ("ISRA"), if same is applicable to the Demised Premises. In the event Tenant shall violate any Environmental Law, Tenant shall promptly give Landlord notice of such violation and Tenant shall expeditiously and diligently undertake all necessary actions to fully cure and remedy such violations within the required time periods under the applicable Environmental Law. Tenant



shall not be obligated to remediate any Discharge or environmental condition not caused by Tenant existing at the Demised Premises prior to the Rent Commencement Date. Landlord shall be responsible for and shall indemnify and hold the Tenant harmless from any Discharge or environmental condition not caused by Tenant existing at the Demised Premises prior to the Rent Commencement Date.

Tenant shall, at Tenant's own expense, make all submissions to, provide all information to, and comply with all requirements of, the New Jersey Department of Environmental Protection (the "NJDEP") or such other appropriate governmental agencies charged with the administration of Environmental Laws (hereinafter collectively referred to as the "Agency"). Should the Agency determine that a remediation plan be prepared and that remediation or investigation be undertaken because of any Discharge at the Property which was caused by Tenant, its agents, employees, contractors, visitors, or guests, or for which Tenant shall bear responsibility under any Environmental Law, then Tenant shall, at Tenant's own expense, prepare and submit any remediation plans, financial assurances, and any other filings or submissions required under Environmental Laws, all to be in form and substance satisfactory to Landlord, and Tenant shall carry out or implement the approved remediation plans and other such filings and submissions. In no event shall Tenant's remediation plans involve the deferral of any remedial action or any engineering or institutional controls, including without limitation, capping, deed notice, deed restriction or other use restriction. Notwithstanding provisions of any Environmental Law, in no event shall Tenant's remediation meet standards any less stringent than (i) those for residential sites or (ii) the most stringent standards applicable for the hazardous substances or wastes at issue without regard to the actual use of the Property.

Tenant's obligations under this Paragraph 16 shall also arise if there is any closing, termination or transferring of operations or ownership of an industrial establishment at the Demised Premises pursuant to ISRA or any other triggering event under ISRA or other Environmental Law which would necessitate compliance, irrespective of the initiator or cause of such triggering event. Tenant shall have the primary responsibility to comply with ISRA, irrespective of who or how ISRA was triggered.

Tenant shall notify Landlord of all meetings scheduled between Tenant or Tenant's representatives and any Agency, sufficiently in advance of such meeting so Landlord is afforded a reasonable opportunity to attend and Landlord and its representatives shall have the right, without the obligation, to attend and participate in all such meetings. Tenant shall deliver to Landlord, without need for prior request, all environmental documentation concerning Discharges or potential Discharges, the environmental condition at the Demised Premises or its environs or concerning violations, actual or alleged, of Environmental Laws by Tenant, in the possession or under the control of Tenant, including without limitation all remediation plans, affidavits, sampling or testing results, reports regarding correspondence to or from any Agency, correspondence to or from Tenant's environmental consultants and experts, submissions to any Agency, notices of violation or directives from any Agency, and any approvals or disapprovals from any Agency. At no expense to Landlord, Tenant shall promptly provide all information requested by Landlord for preparation of documents necessary to file under ISRA or any other Environmental Law and shall promptly sign affidavits and other such documents when requested by Landlord.

Tenant shall indemnify, defend and save Landlord harmless from all fines, suits, procedures, claims, losses, damages, penalties, cost, expenses, and actions of any kind, foreseen or unforeseen, including without limitation, legal, engineering and other professional or expert fees incurred by Landlord, arising out of or in any way connected, directly or indirectly, wholly or partly, with (i) any Discharge at the Property which was caused by Tenant, its agents, employees, contractors or guests; (ii) Tenant's failure to provide all information, make all submissions and take all actions required under any Environmental Law or by an Agency; or (iii) Tenant's action or inaction with regard to Tenant's obligations under this Paragraph 16. Tenant's failure to abide by the terms of this Paragraph 16 shall be restrainable or enforceable by injunction.

Tenant shall effectuate and complete full compliance with ISRA and any other applicable Environmental Law, including without limitation any necessary remediation, subject to the provisions of this Paragraph 16 prior to the Termination Date of this Lease, and will be liable

for damages to Landlord if it fails to do so, which at a minimum shall equal a per diem rental for the period after the end of the term until compliance is completed at the greater of the fair market rental at the end of the term or the rental for an unconsented holdover pursuant to Paragraph 23. Tenant shall commence its compliance with such laws in sufficient time prior to the Termination Date so as to complete its obligations under this Paragraph 16, by no later than the Termination Date. Promptly upon completion of all required remediation activities, Tenant shall restore the affected areas from any damage or condition caused by the work, including without limitation, closing, pursuant to law, any wells which had been installed. In the event ISRA shall apply to Tenant's occupancy of the Demised Premises and its termination of operations at the Demised Premises, Tenant shall deliver to Landlord a non-qualified approval of Tenant's negative declaration or non-qualified no further action letter on or before the Termination Date. In the event ISRA shall not apply to Tenant's occupancy of the Demised Premises and its termination of operations at the Demised Premises, Tenant shall furnish landlord with a letter of ISRA non-applicability from the NJDEP on or before the Termination Date.

Tenant's obligations under this Paragraph 16 shall survive the termination of this Lease.

#### 17. Defaults and Remedies.

a. The following shall constitute events of default under this Lease:

(1) failure to pay when due any installment of rent or additional rent reserved herein, or any part of either which failure shall continue for more than ten (10) days;

(2) failure in the performance of or compliance with any of the other covenants, conditions and/or terms of this Lease, which failure shall continue for more than thirty (30) days after written notice thereof to Tenant, provided, however, if the default complained of in the notice is of such a nature that it could not reasonably be cured within thirty (30) days, then there shall be no default so long as Tenant (i) commences cure within thirty (30) days after the notice, (ii) pursues the cure with all due diligence, and (iii) completes the cure within no more than ninety (90) days after the notice;

(3) abandonment, vacation or desertion of the Demised Premises or suspension of business at the Demised Premises for more than thirty (30) consecutive days;

(4) if this Lease shall be assigned, sublet, pass to or devolve upon one other than the Tenant, except as permitted in Paragraph 18;

(5) the filing by or against Tenant of any petition with respect to its own financial condition under any bankruptcy law or any amendment thereto (including, without limitation, a petition for reorganization, arrangement or extension), or under any other insolvency law or laws providing for the relief of debtors (which petition, if filed against Tenant shall not be dismissed within ninety (90) days); the appointment of a receiver, trustee, custodian, conservator or liquidator for Tenant on all or substantially all of Tenant's assets, and the underlying proceeding is not dismissed within ninety (90) days after the commencement thereof; the admission by Tenant of its insolvency; making of a general assignment for the benefit of creditors;

(6) if Tenant (provided Tenant is a corporation or other entity created by law) liquidates or ceases to exist.

b. Upon the occurrence of an event of default, Landlord, in addition to any and all rights and remedies it may have at law and equity, may exercise any one or more of the following remedies:

(1) Landlord may give Tenant a notice (the "Termination Notice") of its intention to terminate this Lease specifying a date not less than three (3) days thereafter, upon which date this Lease, the term and estate hereto granted and all rights of Tenant hereunder shall expire and terminate. Notwithstanding the foregoing: (i) Tenant shall remain liable for damages as

hereinafter set forth, and (ii) Landlord may institute dispossession proceedings for non-payment of rent, or other proceedings to enforce the payment of rent without giving the Termination Notice. Upon any such termination or expiration of this Lease, Tenant shall peaceably quit and surrender the Demised Premises to Landlord, and Landlord may without further notice enter upon, re-enter, possess and repossess itself thereof, by force, summary proceedings, ejectment or otherwise and may have, hold and enjoy the Demised Premises and the right to receive all rental and other income of and from the same as heretofore provided.

(2) Landlord may, at Landlord's sole option (without imposing any duty upon Landlord to do so), and Tenant hereby authorizes and empowers Landlord to: (i) re-enter the Demised Premises as Tenant's agent or for any occupant of the Demised Premises under Tenant, or for its own account or otherwise, (ii) relet the same for any term, (iii) restoring the Demised Premises to the condition in which it was required to be surrendered by Tenant under Paragraph 24, and (iv) receive and apply the rent so received to pay all fees and expenses incurred by Landlord, directly or indirectly, as a result of Tenant's default, including, without limitation, any legal fees and expenses arising therefrom, the cost of re-entry, repair and reletting and the payment of the rent and other charges due hereunder. No entry, re-entry or reletting by Landlord, whether by summary proceedings, termination or otherwise, shall discharge Tenant from any of its liability to Landlord as set forth in this Lease, and in no event shall Tenant be entitled to or receive any benefit or credit from any rental in excess of the rent reserved under this lease which results from a reletting of the Demised Premises after Tenant's default;

(3) Regardless of whether Landlord relets the Demised Premises, or enters or re-enters the same, whether by summary proceedings, termination or otherwise, Tenant will pay Landlord, and be liable to Landlord for (i) the full amount of all base annual rent, additional rent, and other charges then due or thereafter to become due to Landlord hereunder less any sums collected by Landlord during the remaining term of this Lease; said amount shall be paid by Tenant to Landlord on the days originally fixed herein for payment thereof; or (ii) liquidated damages in an amount which, at the time of such termination, re-entry or dispossession by the Landlord, as the case may be, is equal to the excess, if any, of the then present value of the installments of the base annual rent reserved hereunder for a period which would otherwise have constituted the unexpired portion of the then current term of this Lease, over the then present value of the market rental value of the Demised Premises for such unexpired portion of the then current term of this Lease, discounted at the rate of seven (7%) percent per annum;

(4) If Tenant shall fail to pay any taxes or make any other payment required to be made under this Lease, or shall default in the performance of any covenant, agreement, term, provision or condition herein contained, Landlord may, without being under any obligation to do so, and without thereby waiving such default, make such payment and/or remedy such default for the account and at the sole expense of Tenant. Tenant shall pay to Landlord, on demand, the amount of all sums so paid and all expenses so incurred by Landlord, together with interest, at the rate set forth in subparagraph 17(b)(5) below, on such sums and expenses from the date incurred until payment in full;

(5) Interest on any sums due to Landlord from Tenant under this Lease shall accrue from the date such sums became due and payable, at a variable rate equal to two (2) percentage points above the prime interest rate as set daily by Chase Manhattan Bank, N.Y.C., N.Y., but in no event less than ten (10%) percent per annum.

c. Tenant shall be liable for any and all reasonable attorneys' fees which Landlord may incur as a result of enforcing or protecting its rights against Tenant under this Lease.

d. In the event Tenant defaults under this Lease, the parties agree that Landlord shall be deemed to have satisfied any obligation at law to mitigate damages by listing the Demised Premises for rental with a commercial real estate broker licensed to do business in New Jersey.

#### 18. Assignment and Subletting.

a. Tenant shall not be entitled to transfer, sell, mortgage, pledge, hypothecate, or

assign this Lease or sublet or grant a concession or license or otherwise permit any other person or entity to occupy the Demised Premises or any part thereof (hereinafter referred to as "Assignment") without the prior written consent of Landlord, which consent shall not be unreasonably withheld. If Tenant is a corporation (other than a public corporation), partnership or other such legally created entity, a transfer of stock, partnership interest or other type interest in Tenant, whether by sale, assignment, bequest, inheritance, operation of law, or otherwise to a natural person or entity other than to one which owned such an interest in Tenant at the time this Lease is executed, shall be deemed an Assignment which is prohibited hereunder.

The criteria for Landlord's consent shall include such factors as, without limitation, proposed assignee's (hereinafter referred to as the "Assignee") financial condition and its experience in the business it will conduct at the Demised Premises (without regard to the Tenant's continued responsibility under the Lease); the activity that will be carried out by the Assignee at the Demised Premises; satisfactory assurance that the Assignee's presence at the Demised Premises would not constitute an "industrial establishment" under ISRA; approval by the holders of any mortgages against the Demised Premises or any assignees under any assignment of leases made by Landlord. Tenant shall provide Landlord with all information requested by Landlord for its decision on the requested Assignment and Tenant shall bear all expenses incurred or sustained by Landlord in order to assess and evaluate the Assignment, including, but not limited to, its reasonable attorney's fees. Any consent shall apply only to the specific transaction for which it was given and shall not be a waiver of the obligation of Tenant to obtain the consent from Landlord for any subsequent Assignments. The acceptance or collection of rent by the Landlord from any Assignee shall not be deemed an acceptance of such Assignee as Tenant in lieu of written express consent or as a release of Tenant from its obligation under this Lease. In no event shall the rent charged to any Assignee by Tenant under any Assignment exceed the rent payable to Landlord by Tenant under this Lease. Breach of this limitation on rent payable under an Assignment shall constitute a default under this Lease giving Landlord the ability to exercise any or all of its rights under Article 17, including the right to terminate this Lease and any Assignment thereunder.

b. In the event Landlord consents to an Assignment, such consent to that Assignment shall be expressly conditioned upon the compliance by Tenant and the Assignee of the following provisions:

- (1) From the time of the request for a consent to the Assignment through the effective date of the Assignment itself, this Lease must be in full force and effect without any breach or default thereunder existing on the part of the Tenant.
- (2) The Assignee shall assume, by written recordable instrument, in form and content reasonably satisfactory to Landlord, the due performance of all of Tenant's obligations under the Lease, including any accrued obligations at the time of the assignment.
- (3) A copy of the executed Assignment and the original assumption agreement shall be delivered to the Landlord prior to the effective date of such Assignment.
- (4) Such Assignment shall be upon and subject to all the provisions, terms, covenants and conditions of this Lease and the Tenant, Assignee and any Guarantor shall continue to be and remain liable hereunder.
- (5) Tenant shall have complied with the requirements of ISRA and shall have received from the NJDEP either (i) a non-qualified approval of Tenant's negative declaration, or (ii) a letter of ISRA non-applicability. Tenant shall furnish Landlord with a copy of either the approval or the letter of ISRA non-applicability from the NJDEP at the time the request for consent to the Assignment is made under Landlord.

c. In the event the Assignment, for which consent is being requested from Landlord, is not being done in conjunction with the sale of Tenant's business at the Demised Premises, Landlord shall have the right, at its sole option, in lieu of giving its consent to an Assignment, to recapture the Demised Premises, in which event the Termination Date for this Lease shall become

the date the Assignment was to become effective (or if no effective date was specified by Tenant in its request for consent, then the Termination Date shall be the sixtieth day following Landlord's election to recapture).

19. Signs.

The Tenant shall not display any sign, picture, advertisement, awning, merchandise, or notice ("Signage") on the outside of any structure on the Property, nor anywhere in the common area, nor on the outside of the Demised Premises, except as permitted by Landlord. All Signage of Tenant shall be subject to any applicable governmental laws, ordinances and regulations. Subject to Landlord's approval as to construction, appearance and content, Tenant may install and maintain, at its own expense, a sign stating Tenant's business name above the front door of the Demised Premises. Tenant shall have no right to maintain a sign on Landlord's free standing pylon sign ("Pylon") at the front of the Property. In the event Landlord shall permit Tenant to maintain a sign on the Pylon, Tenant acknowledges that Landlord may at any time, at Landlord's absolute discretion, revoke its permission for Tenant having a sign on the Pylon and require Tenant to remove, relocate, change, alter, replace, substitute or modify the sign on the Pylon, at Tenant's sole cost and expense. Tenant shall be responsible for the maintenance and repair of its Signage and shall remove all its Signage at the expiration of the term of this Lease and repair all damage caused by the removal.

20. Landlord's Right to Make Modifications to the Property.

Landlord reserves the right to make changes to the Property, common areas and the improvements thereon, other than to the Demised Premises.

21. Security.

a. Tenant shall, on the date hereof, deposit and maintain with the Landlord throughout the term of this Lease the sum of money set forth in Paragraph 1h as security for the full performance of the conditions to be performed by the Tenant. If Tenant defaults in its payment of rent or performance of its other obligations under this Lease, Landlord may use all or part of the security deposit for the payment of rent or any other amount in default, or for the payment of any other amount that Landlord may spend or become obligated to spend by reason of Tenant's default or breach of its obligations under this Lease, or for the payment to Landlord of any other loss or damage that Landlord may suffer by reason of Tenant's default or breach of its obligations under this Lease. If Landlord so uses any portion of the security deposit, Tenant will restore the security deposit to its original amount within ten(10) days after written demand from Landlord otherwise same shall be a default under Paragraph 17a(1) of this Lease in the same manner as a failure to pay rent within 10 days of the date due. Landlord will not be required to keep the security deposit separate from its own funds and Tenant will not be entitled to interest on the security deposit. The security deposit will not be a limitation on Landlord's damages or other rights under this Lease, or a payment of liquidated damages, or an advance payment of rent. Landlord will return the unused portion of the security deposit to Tenant within sixty (60) days after the end of the term, subject to any deductions necessitated by Tenant's default or breach of the obligations at the end of the term, including, but not limited to its obligations under Paragraph 24; however, if Landlord has evidence that the security deposit has been assigned to an assignee of the Lease, Landlord will return the security deposit to the assignee. Landlord may deliver the security deposit to a purchaser of the Property and be discharged from further liability with respect to it.

b. Provided (i) Tenant shall not have committed an event of default under this Lease, whether or not notice thereof was given by Landlord or cure made by Tenant, and (ii) Tenant shall have paid its rent hereunder fully and prior to the date a late charge could have been imposed, the security deposit, at the end of the third lease year, shall be reduced to \$4,026.00, and any excess security deposit being held by Landlord shall, at the request of Tenant, be returned to Tenant so that Landlord is then holding \$4,026.00.

22. Quiet Enjoyment.

Landlord covenants and agrees with Tenant that upon Tenant's prompt and full payment of all rent and other sums required to be paid by Tenant under this Lease and observing and performing all the terms, covenants and conditions on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the Demised Premises, subject, nevertheless, to the terms and conditions of this Lease and any present or future underlying leases, ground leases and/or mortgages on the Property.

23. Holding Over.

The Tenant shall have no right to remain in possession after the Termination Date. If the Tenant shall occupy the Demised Premises after the expiration of this Lease with the consent of the Landlord (which consent it shall be the obligation of Tenant to obtain in writing prior to the Termination Date and which consent Landlord shall be under no obligation to give), and rent is accepted and collected from said Tenant, such occupancy and payment shall be construed as an extension of this Lease for a term of month-to-month only, from the date of such expiration. In such event, if either Landlord or Tenant desires to terminate said occupancy at the end of any month after the termination of this Lease, the party so desiring to terminate the same shall give the other party at least thirty (30) days written notice to that effect. If such occupancy continues after such notice of termination, or if Tenant shall continue its occupancy after the Termination Date without obtaining Landlord's consent, Tenant shall pay to Landlord, as partial damages and without need for notice or demand, double the amount of both base annual rental and all additional rent for the time Tenant retains possession of the Demised Premises or any part thereof after termination of the term together with all costs, expenses and damages incurred by Landlord and its agent to obtain possession from Tenant and/or as a result of any loss and/or liability sustained by Landlord or its agents in connection with any subsequent tenancy which may have intended to occupy said Demised Premises at the expiration of the term herein. The acceptance of rent by Landlord shall not be deemed to create a new or additional tenancy other than aforesaid.

24. Surrender.

a. On the last day of the term or on the sooner termination thereof, Tenant shall, at Tenant's sole cost and expense, (i) peaceably surrender the Demised Premises broom- clean, in good order and condition and upon Landlord's request, restored to its original condition as of the commencement of the term of this Lease, except for reasonable wear and tear, and (ii) remove from the Demised Premises all of Tenant's Signage, movable furniture, equipment, machinery, trade fixtures and carpeting, unless this Lease shall otherwise provide that such items are or became the property of Landlord (the personalty which belongs to Tenant and which Tenant may remove shall be referred to as "Tenant's Property"), and any of Tenant's Property not so removed may at Landlord's election and without limiting Landlord's right to compel removal thereof, be deemed abandoned. Any damage to the Demised Premises caused by Tenant in the removal of Tenant's Property shall be repaired by and at Tenant's expense.

b. The title to all Alterations, additions, improvements, repairs, decorations (including any carpeting and hard surface, bonded or adhesively affixed flooring), heating, ventilation and air conditioning equipment and fixtures (other than Tenant's Property)) which shall have been made, furnished or installed by or at the expense of either the Landlord or Tenant in or upon the Demised Premises, vest in Landlord upon the installation thereof, and the same shall remain upon and be surrendered with the Demised Premises as part thereof without disturbance and without charge, unless otherwise required by Landlord.

c. No act or thing done by Landlord or its agent or by any employee of Landlord or its agent during the term of this Lease, including but not limited to, the delivery or acceptance of keys to the Demised Premises or the entry into the Demised Premises, will be deemed an acceptance of a surrender of the Demised Premises by Landlord, and no agreement to accept surrender shall be valid and binding upon Landlord unless in writing and signed by Landlord.

## 25. Notices

All notices and demands which are required to or are permitted by the terms of this Lease shall be given in writing, whether herein specified or not, and shall be deemed effectively given three business days after being sent by United States registered or certified mail, postage prepaid, or one business day after being sent by United States express mail, postage prepaid, or by Federal Express (or by such other national overnight courier service), in each case addressed to the parties at the addresses shown in Paragraph 11. Notices transmitted by means other than set forth above shall be deemed effectively given upon receipt by the party being noticed. Said addresses and the names of the parties to whom notices are to be sent may be changed from time to time by either party or by an assignee or successor or either of them by the giving of written notice to the other.

## 26. Compliance with Laws

Tenant will not use or occupy, or permit any portion of the Demised Premises to be used or occupied, (a) in violation of any law, ordinance, order, rule, regulation, certificate of occupancy or other governmental requirement, or (b) for any disreputable business or purpose, or (c) in any manner for any business or purpose that creates risks of fire or other hazards, or that would in any way violate, suspend, void or increase the rate of fire or liability or any other insurance of any kind at any time carried by Landlord upon all or any part of the building in which the Demised Premises are located or its contents. Tenant will comply with all laws, ordinances, orders, rules, regulations and other governmental requirements relating to the use, condition or occupancy of the Demised Premises, and all rules, orders, regulations, recommendations and requirements of the board of fire underwriters or insurance service office, or any other similar body, having jurisdiction over the building in which the Demised Premises are located.

## 27. Option to Extend Term

Tenant shall have the option to extend the initial term of this Lease for a period of five (5) years (the "Option Period"), with the Option Period commencing on the fifth (5th) anniversary of the Rent Commencement Date and terminating on the day immediately preceding the tenth (10th) anniversary of the Rent Commencement Date. The option to extend, as well as the commencement of the Option Period, shall be expressly conditioned upon Tenant, up to the time the Option Period is to begin, having fully and timely complied with all its monthly rental obligations under this Lease and Tenant not having committed a breach or default of any other of its other obligations under this Lease.

The option to extend is exercisable by Tenant, if at all, only in strict compliance of the aforesaid conditions and by giving Landlord written notice of its election to extend the term not later than the one-hundred eightieth (180th) day prior to the Termination Date. Strict compliance with the conditions of the options and the exercise thereof is deemed material to the parties and time for exercise is of the essence. Failure to so exercise shall be deemed a waiver of this option by Tenant, in which event this Lease shall expire on the Termination Date as set forth in Paragraph 3. All terms, provisions, covenants and conditions of this Lease shall apply during the Option Period, except that there shall be no further right to extend the term beyond the Option Period and the base annual rental during the Option Period shall be as provided in Paragraph 5b, as modified by this Paragraph 27.

The base annual rental to be charged during each lease year of the Option Period shall be determined pursuant to Paragraph 5b, except that in the event such calculation shall result in a base annual rent figure of less than \$54,757.00 in any lease year, then the base annual rent for such lease year shall be \$54,757.00. [For example, if the base annual rent for the fifth lease year is \$50,000, and the CPI for September, 2001 is 205 and the CPI for September 2000 is 190, then the base annual rent for the sixth lease year would be \$54,757 because the result of the calculation under Paragraph 5b ( $205/190 \times \$50,000 = \$53,947.37$ ) is less than \$54,757.]

28. Exculpation.

Notwithstanding anything to the contrary set forth in this Lease, it is specifically understood and agreed by Tenant that there shall be absolutely no personal liability on the part of Landlord or any of the individuals comprising the Landlord, or on the part of the partners or agents of Landlord with respect to any of the terms, covenants and conditions of the Lease, and Tenant shall look solely to the equity, if any, of Landlord in the Property in which the Demised Premises is a part for the satisfaction of each of the terms, covenants and conditions of this Lease to be performed by Landlord. This exculpation of personal liability of Landlord, the individuals comprising Landlord, its partners and agents is absolute and without any exception whatsoever.

29. Miscellaneous

a. Definitions.

(1) The word "Tenant" shall mean each and every person or party mentioned as Tenant herein, and if there shall be more than one Tenant, then each such person or party being named as a Tenant shall be jointly and severally liable for the obligations of the Tenant under this Lease, and any notice required or permitted by the terms of this Lease may be given by or to any one thereof and shall have the same force and effect as if given by or to all thereof.

(2) The term "Landlord" as used in this Lease shall mean the owner or lessee (if the Landlord claims the right of possession by reason of a lease or sublease from the owners) for the time being of the Property, and if such property or the Lease be sold or transferred, voluntarily or involuntarily, the seller, or assignor, shall be entirely relieved of all obligations under this Lease and it shall be deemed without further agreement between the parties hereto and their successors, that the purchaser on such sale or the lessee or assignee has assumed and agreed to carry out all obligations of Landlord hereunder.

(3) The words "base rent" or "base rental" - shall be the minimum amount of rent which Tenant shall pay to Landlord for leasing the Demised Premises over the term of this Lease.

(4) The words "base annual rent" or "base annual rental" shall mean the amount of base rent payable during a lease year.

(5) The words "rent" or "rental" - may be used interchangeably and are defined to include all monies specifically reserved as base rent, base annual rent, additional rental, rent, and all costs, expenses and damages which the Landlord may suffer or incur by reason of any default of the Tenant or failure on its part to comply with the covenants, terms or conditions of this Lease, and all other sums of money which by virtue of this Lease shall at any time or times become due and owing by Tenant to Landlord.

(6) The words "lease year" shall mean the period of twelve (12) successive calendar months, with the first lease year beginning on the Rent Commencement Date and each succeeding lease year beginning immediately after the prior lease year on the anniversary of the Rent Commencement Date.

(7) The term "Proportionate Share" as used in this Lease shall mean the percentage which results from dividing the square feet shown in Paragraph 1b by the total rentable enclosed floor areas as at the Property as of the first day of each calendar year. The initial Proportionate Share of Tenant is shown in Paragraph 1g. The parties acknowledge that the total rentable enclosed floor area in the Property may hereafter change, and in such event, the Proportionate Share shall be adjusted as provided for above.

b. Abandonment of Fixtures. If Tenant moves out or is dispossessed and fails to remove any trade fixtures or any other property within thirty (30) days after said moving or dispossession then, in that event, Landlord may at its option deem the property abandoned by the Tenant, in which case, it shall become the property of the Landlord.



c. Waiver. The failure of Landlord or Tenant to seek redress for violation of, or to insist upon the strict performance of, any provision of this Lease shall not be construed as a waiver or relinquishment for the future of such provision. The receipt by Landlord of rent with knowledge of a breach of any covenant of this Lease shall not be deemed a waiver of such breach. No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated or demanded by Landlord as required hereunder shall be deemed to be anything other than a dollar for dollar payment on account of the full obligation demanded by Landlord, nor shall Landlord's acceptance of such payment be deemed a waiver of Landlord's demand that a greater sum is due or of Landlord's right to recover the balance or pursue its other remedies. Tenant agrees that no endorsement or statement on any check nor any letter accompanying any check or payment of rent made by Tenant or on its behalf shall be deemed an accord and satisfaction or be in any way binding upon Landlord as to any expressed or implied condition or limitation on the payment, and Landlord, after accepting such payment, may pursue recovery of the balance of such rent or its other remedies. In the event of an Assignment, whether or not Landlord has consented to same, Landlord may collect rent from the Assignee and apply the net amount collected to the rent reserved in this Lease. Any such collection by Landlord shall not be deemed a waiver of any covenant in this Lease against Assignment, or the acceptance of the Assignee as the Tenant under this Lease, or a release of Tenant from the complete performance by Tenant of its covenants under this Lease.

d. Entire Agreement. This Lease sets forth the full understanding between Landlord and Tenant concerning the Demised Premises. There are no oral agreements or understandings between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties with respect to the subject matters hereof, and none thereof shall be used to interpret or construe this Lease. Except as herein otherwise expressly provided, no subsequent alteration, amendment, change or addition to this Lease, nor any surrender of the term, shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

e. Lease Effective. The submission of this Lease by Landlord to Tenant for examination shall not be deemed to constitute an offer by Landlord or a reservation to Tenant of an option to lease, and this Lease shall become effective as a binding instrument only upon the execution and delivery thereof by both Landlord and Tenant.

f. Partial Invalidity. If any provision of this Lease should be held by a court of competent jurisdiction to be void, invalid or unenforceable, the remainder of this Lease shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

g. Landlord's Rights of Entry. Landlord or its designees shall have the right to enter the Demised Premises during reasonable business hours for the purpose of examining the same, showing same to third parties or, in the event of emergency, in order that repairs and alterations may be made for the safety and preservation thereof, provided, however, that Landlord's right to enter upon said Demised Premises shall be subject to the exercise of ordinary care and caution in doing so. During the six (6) months next prior to the expiration of the term of this Lease, Landlord or its agents or representatives shall have the right to place a "For Rent" notice on the front of the Demised Premises, provided such sign is no larger than 6 square feet.

h. No Liens by Tenant. Tenant shall not suffer or permit or cause any liens or any action to be filed against the Demised Premises by reason of any cause of Tenant or Tenant's agents or employees.

i. Interpretation. The captions and headings throughout this Lease are for convenience and reference only and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or the meaning of any provisions of, or the scope or intent of, this Lease, nor in any way affect this Lease.

All references to nouns and pronouns used herein shall be construed in the singular or plural and in such gender and tense as the sense of this Lease requires.

No provisions of this Lease shall be construed by any court or other judicial authority against either Landlord or Tenant by reason of any such party being deemed to have drafted or structured such provision.

The words "hereby", "herein", "hereof", "hereto", "hereunder", and similar words shall always be deemed to refer to this Lease in its entirety, and not merely to the subparagraph or paragraph wherein such words appears, unless expressly so modified.

j. Survival of Tenant's Obligations. All obligations of Tenant which by their nature involve performance, in any particular, after the end of the term, or which cannot be ascertained to have been fully performed until after the end of the term, shall survive the expiration or sooner termination of the term.

k. Trial by Jury Waiver. The parties hereby waive trial by jury in any action, proceeding or counterclaim brought by either party against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, or Tenant's use and occupancy of the Demised Premises.

l. Acceptance of Possession. The Tenant represents that it has thoroughly inspected the premises and its having taken possession of the Demised Premises shall be conclusive evidence that Tenant accepts same "as is" and that said premises, equipment, and the building of which the Demised Premises forms a part were in good order and satisfactory condition at the time such possession was so taken.

m. Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, representatives, successors, and to the extent that this Lease is assignable by the terms hereof, to the assigns of such parties.

n. Joint and Several Liability. If Tenant is composed of more than one signatory to this Lease, each signatory as Tenant will be jointly and severally liable with each other signatory for payment and performance of all obligations of Tenant under this Lease.

o. Authority. If Tenant signs this Lease as a corporation, partnership or limited partnership, each of the persons executing this Lease on behalf of Tenant warrants to Landlord that Tenant is a duly authorized and existing corporation, partnership or limited partnership, as the case may be, that Tenant is qualified to do business in the state in which the Premises are located, that Tenant has full right and authority to enter into this Lease, and that each and every person signing on behalf of Tenant is authorized to do so, and that signing binds the Tenant to the terms of this Lease.

p. Recording. Tenant shall not record this Lease or any Memorandum of this Lease. Any such recording by Tenant shall be a material breach of this Lease.

q. Governing Law. This Lease, the construction thereof and the rights and liabilities of the parties thereunder, shall be governed by the law of New Jersey. All parties hereto submit to the personal jurisdiction of the New Jersey courts with regard to any action which will be filed in connection with this Lease or the subject matter thereof.

The parties hereto have hereunto set their hands and seals the day and year first above written.

LANDLORD:  
AUSTIN & AUSTIN COMPANY

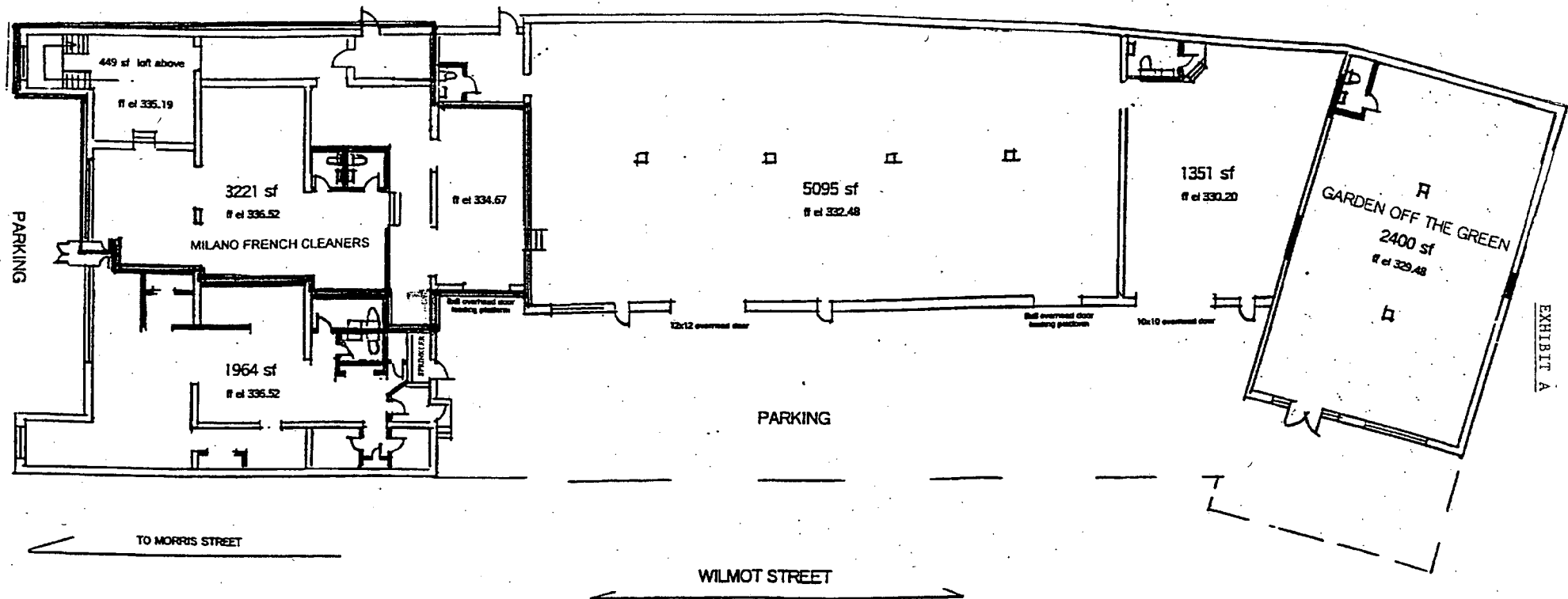
By:   
PETER AUSTIN, Partner

By:   
WILLIAM AUSTIN, Partner

TENANT:

MILANO FRENCH CLEANERS

By:   
VITO MEGHNAGI, President

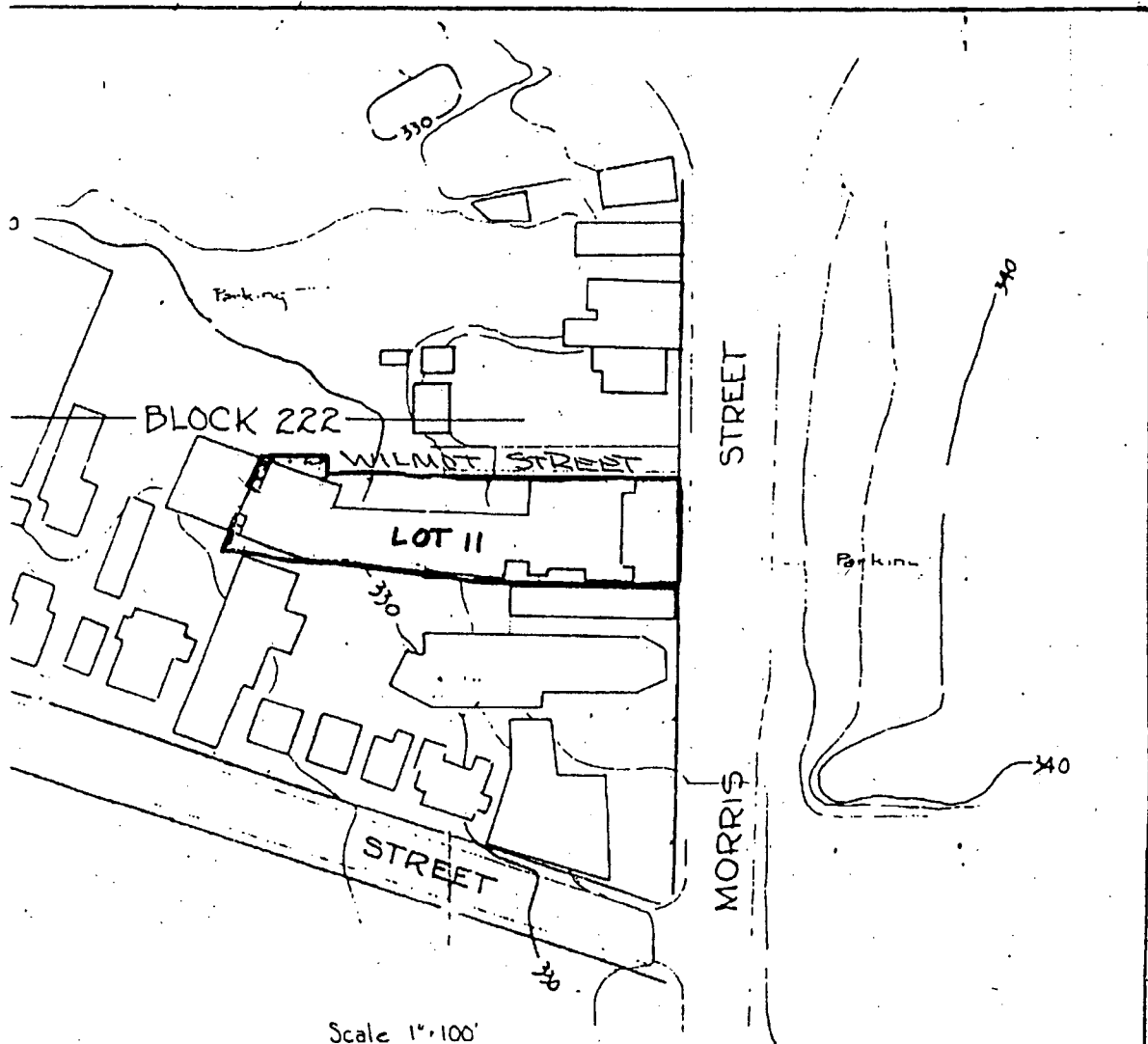


89 Morris Street  
Morristown, NJ

AUSTIN & AUSTIN CO.  
PO BOX 29  
MORRIS PLAINS, NJ 07950

NO SCALE

non structural partitions



**GUARANTY OF LEASE**

**LANDLORD:** AUSTIN & AUSTIN  
**TENANT:** MILANO FRENCH CLEANERS  
**GUARANTOR:** VITO MEGHNAGI  
**DEMISED PREMISES:** 89 Morris Street, Morristown, New Jersey

Tenant (as identified above) wishes to enter into a lease with Landlord (as identified above). Guarantor (as identified above and having the address shown below) is an officer, director and shareholder in Tenant and acknowledges that Tenant's entry into a lease with Landlord for the Demised Premises is in Guarantor's economic interest. Landlord is unwilling to enter into a lease with Tenant for the Demised Premises unless Guarantor assures Landlord of the full performance of all Tenant's obligations under the lease. Guarantor is willing to do so.

Accordingly, in order to induce Landlord to enter into the lease with Tenant and for good and valuable consideration, the receipt and adequacy of which are acknowledged by Guarantor:

1. Subject to the limitation set forth in Paragraph 7 below, Guarantor unconditionally guarantees to Landlord, and the successors and assigns of Landlord, Tenant's full and punctual performance of all of Tenant's obligations under that certain Commercial Lease of even date herewith between Landlord and Tenant for the Demised Premises (the "Lease"), including, without limitation, the payment of rent and other charges due under the Lease. Guarantor waives notice of any breach or default by Tenant under the Lease. If Tenant defaults in the performance of any of its obligations under the Lease, upon Landlord's demand, Guarantor will perform Tenant's obligations under the Lease.

2. Any act of Landlord, or the successors or assigns of Landlord, consisting of a waiver of any of the terms or conditions of the Lease, or the giving of any consent to any matter related to or thing relating to the Lease, or the granting of any indulgences or extensions of time to Tenant, may be done without notice to Guarantor and without affecting the obligations of Guarantor under this Guaranty.

3. The obligations of Guarantor under this Guaranty will not be affected by Landlord's receipt, application, or release of security given for the performance of Tenant's obligations under

the Lease, nor by any modification of the Lease, including without limitation the alteration, enlargement, or change of the premises described in the Lease, except that in case of any such modification, the liability of the Guarantor will be deemed modified in accordance with the terms of any such modification.

4. The liability of Guarantor under this Guaranty will not be affected by:

(a) the release or discharge of Tenant from its obligations under the Lease in any creditors', receivership, and bankruptcy, or other proceedings, or the commencement or pendency of any such proceedings;

(b) the impairment, limitation, or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease, resulting from the operation of any present or future bankruptcy code or other statute, or from the decision in any court;

(c) the rejection or disaffirmance of the Lease in any such proceedings;

(d) the assignment or transfer of the Lease or sublease of all or part of the premises described in the Lease by Tenant;

(e) any disability or other defense of Tenant; or

(f) the cessation from any cause whatsoever of the liability of Tenant under the Lease.

5. Until all of Tenant's obligations under the Lease are fully performed, Guarantor:

(a) waives any right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor under this Guaranty;

(b) waives any other right that Guarantor may have against Tenant by reason of any one or more payments or acts in compliance with the obligations of Guarantor under this Guaranty; and

(c) subordinates any liability or indebtedness of Tenant held by Guarantor to the obligations of Tenant to Landlord under the Lease.

6. This Guaranty is a continuing guaranty and will apply to (i) the Lease; (ii) any extension or renewal of the Lease; (iii) any amendment or modification of any provision, term, covenant or obligation of the Lease, including without limitation, rent obligations, length of term and the premises subject to the Lease; and (iv) any holdover term following the term of the Lease, or any such extension or renewal.

7. Guarantor's obligation for continually accruing rent under the Lease shall cease at such time as the Tenant delivers possession of the Demised Premises to Landlord after an Event of Default by Tenant under the Lease. Guarantor shall remain liable for any unpaid rent accruing to the date Tenant so delivers possession to Landlord. Delivery of possession under this paragraph shall not, however, limit the liability of Guarantor for any other obligations of Tenant under the Lease, including, without limitation, waste, environmental obligations under Paragraph 16 of the Lease, and obligations under Paragraph 13 of the Lease.

8. This Guaranty may not be changed, modified, discharged, or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord.

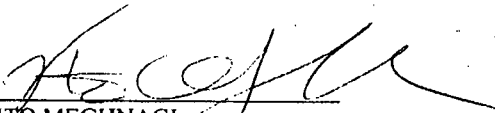
9. Guarantor is primarily obligated under the Lease. Landlord may, at its option, proceed against Guarantor without proceeding against Tenant or anyone else obligated under the Lease or against any security for any of Tenant's or Guarantor's obligations.

10. Guarantor will pay on demand the reasonable attorneys' fees and costs incurred by Landlord, or its successors and assigns, in connection with the enforcement of this Guaranty.

11. Guarantor irrevocably appoints Tenant as its agent for service of process related to this Guaranty.

Guarantor has executed this Guaranty as of the 1st day of November, 1996.

GUARANTOR:

  
VITO MEGHINAGI  
Having An Address At:  
19 Badger Drive  
Livingston, New Jersey



Form **1065**Department of the Treasury  
Internal Revenue Service**U.S. Return of Partnership Income**  
For calendar year 2005, or tax year beginning \_\_\_\_\_, 2005, and  
ending \_\_\_\_\_, 20 \_\_\_\_  
▶ See separate instructions.

OMB No. 1545-0099

**2005****A** Principal business activity**RENTAL REALTY****B** Principal product or service**RENTS****C** Business code number**531100**Use the  
IRS  
label.  
Other-  
wise,  
print  
or type.

Name of partnership

**PETER S AND WILLIAM E AUSTIN, PTR****PETER S AUSTIN, GEN PTR**

Number, street, and room or suite number. If a P.O. box, see the instructions.

**P.O. BOX 9047**

City or town

**MORRISTOWN**

State ZIP code

**NJ 07963-9047****D** Employer identification  
number**59-2266760****E** Date business started**03/24/82****F** Total assets (see instrs)**\$ 659,655.****G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return  
**H** Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) \_\_\_\_\_**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year \_\_\_\_\_ **2****Caution: Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.****INCOME****1a** Gross receipts or sales**1a****b** Less returns and allowances**1b****1c****2** Cost of goods sold (Schedule A, line 8)**2****3** Gross profit. Subtract line 2 from line 1c**3****4** Ordinary income (loss) from other partnerships, estates, and trusts  
(attach statement)**4****5** Net farm profit (loss) (attach Schedule F (Form 1040))**5****6** Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)**6****7** Other income (loss)  
(attach schedule)**7****8** Total income (loss). Combine lines 3 through 7**8****SEE INSTRUCTIONS FOR DEDUCTIONS****9** Salaries and wages (other than to partners) (less employment credits)**9****10** Guaranteed payments to partners**10****11** Repairs and maintenance**11****12** Bad debts**12****13** Rent**13****14** Taxes and licenses**14****15** Interest**15****16a** Depreciation (if required, attach Form 4562)**16a****b** Less depreciation reported on Schedule A and elsewhere on return**16b****16c****17** Depletion (Do not deduct oil and gas depletion.)**17****18** Retirement plans, etc**18****19** Employee benefit programs**19****20** Other deductions  
(attach statement)**20****21** Total deductions. Add the amounts shown in the far right column for lines 9 through 20**21****22** Ordinary business income (loss). Subtract line 21 from line 8**22****Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member

Date

May the IRS discuss this return  
with the preparer shown below  
(see instrs)? ☒ Yes ☐ No**Paid  
Preparer's  
Use Only**Preparer's  
signature

Date

Check if self-  
employed ☐

Preparer's SSN or PTIN

**P00216551**Firm's name  
(or yours if  
self-employed),  
address, and  
ZIP code**HALL AND HOLDEN, PC****PO BOX 1427****WAITSFIELD****VT 05673**EIN **03-0349737**Phone no. **(802) 496-3140**

**Schedule A Cost of Goods Sold** (see the instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	<b>Total.</b> Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

**9a** Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3  
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4  
 (iii) ☐ Other (specify method used and attach explanation) \_\_\_\_\_

**b** Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐**c** Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐**d** Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No**e** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If 'Yes,' attach explanation \_\_\_\_\_

**Schedule B Other Information**

	Yes	No
<b>1</b> What type of entity is filing this return? Check the applicable box:		
a <input checked="" type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other _____		
<b>2</b> Are any partners in this partnership also partnerships?		X
<b>3</b> During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		X
<b>4</b> Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
<b>5</b> Does this partnership meet all three of the following requirements? <b>a</b> The partnership's total receipts for the tax year were less than \$250,000; <b>b</b> The partnership's total assets at the end of the tax year were less than \$600,000; and <b>c</b> Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1	X	
<b>6</b> Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		X
<b>7</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
<b>8</b> Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
<b>9</b> At any time during calendar year 2005, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country. _____		X
<b>10</b> During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See the instructions		X
<b>11</b> Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions		X
<b>12</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return _____		X

**Designation of Tax Matters Partner** (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP \_\_\_\_\_

Identifying number of TMP \_\_\_\_\_

Address of designated TMP \_\_\_\_\_

**Schedule K Partners' Distributive Share Items**

		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	
	2 Net rental real estate income (loss) (attach Form 8825)	2	156,492.
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach stmt)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	36,000.
	5 Interest income	5	52.
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c (2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	36,000.
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits & Credit Recapture	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits and credit recapture (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive ▶ e Listed categories (attach statement) ▶ f General limitation ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive ▶ j Listed categories (attach statement) ▶ k General limitation ▶	16k	
	l Total foreign taxes (check one): Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l	
m Reduction in taxes available for credit (attach statement)	16m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	-231.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties — gross income	17d	
	e Oil, gas, and geothermal properties — deductions	17e	
	f Other AMT items (attach stmt)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	879.
	19a Distributions of cash and marketable securities	19a	72,000.
	b Distributions of other property	19b	
	20a Investment income	20a	52.
b Investment expenses	20b		
c Other items and amounts (attach stmt)			

BAA

Form 1065 (2005)

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l						1	192,544.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners		114,272.				78,272.	
b Limited partners							

**Note:** Schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered 'Yes.'

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			18,453.		1,857.
2a Trade notes and accounts receivable					
b Less allowance for bad debts					
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach stmt)					
7 Mortgage and real estate loans					
8 Other investments (attach stmt)					
9a Buildings and other depreciable assets		731,908.		815,724.	
b Less accumulated depreciation		166,724.	565,184.	185,672.	630,052.
10a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)			27,741.		27,741.
12a Intangible assets (amortizable only)		1,639.		1,639.	
b Less accumulated amortization		1,634.	5.	1,634.	5.
13 Other assets (attach stmt)					
14 Total assets			611,383.		659,655.
<b>Liabilities and Capital</b>					
15 Accounts payable					
16 Mortgages, notes, bonds payable in less than 1 year			7,188.		89,552.
17 Other current liabilities (attach stmt)					
18 All nonrecourse loans					
19 Mortgages, notes, bonds payable in 1 year or more			126,735.		12,310.
20 Other liabilities (attach stmt) Ln. 20 Stmt			41,180.		37,848.
21 Partners' capital accounts			436,280.		519,945.
22 Total liabilities and capital			611,383.		659,655.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

1 Net income (loss) per books	155,665.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest ... \$	
3 Guaranteed pmts (other than health insurance)	36,000.	7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a Depreciation ... \$	
a Depreciation	\$		
b Travel and entertainment	\$	8 Add lines 6 and 7	
* STMT	879.	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	192,544.
5 Add lines 1 through 4	192,544.		

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year	436,280.	6 Distributions: a Cash	72,000.
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	155,665.		
4 Other increases (itemize):		8 Add lines 6 and 7	72,000.
5 Add lines 1 through 4	591,945.	9 Balance at end of year. Subtract line 8 from line 5	519,945.

Form **8825****Rental Real Estate Income and Expenses of a Partnership or an S Corporation**

OMB No. 1545-1186

**2005**Department of the Treasury  
Internal Revenue Service▶ See instructions.  
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name

Employer identification number

**PETER S AND WILLIAM E AUSTIN, PTR****59-2266760****1** Show the kind and location of each property. See page 2 to list additional properties.**A** COMMERCIAL PROPERTY, NEW JERSEY**B** -----**C** -----**D** -----

Rental Real Estate Income		Properties			
		A	B	C	D
<b>2</b> Gross rents	<b>2</b>	306,731.			
<b>Rental Real Estate Expenses</b>					
<b>3</b> Advertising	<b>3</b>				
<b>4</b> Auto and travel	<b>4</b>	463.			
<b>5</b> Cleaning and maintenance	<b>5</b>				
<b>6</b> Commissions	<b>6</b>				
<b>7</b> Insurance	<b>7</b>	5,893.			
<b>8</b> Legal and other professional fees	<b>8</b>	13,497.			
<b>9</b> Interest	<b>9</b>	7,913.			
<b>10</b> Repairs	<b>10</b>	10,337.			
<b>11</b> Taxes	<b>11</b>	38,851.			
<b>12</b> Utilities	<b>12</b>	16,361.			
<b>13</b> Wages and salaries	<b>13</b>				
<b>14</b> Depreciation (see instructions)	<b>14</b>	18,948.			
<b>15</b> Other (list) ▶ Telephone	<b>15</b>	1,128.			
Office Supplies		848.			
Guaranteed Payments to Par		36,000.			
<b>16</b> Total expenses for each property. Add lines 3 through 15	<b>16</b>	150,239.			
<b>17</b> Total gross rents. Add gross rents from line 2, columns A through H	<b>17</b>				306,731.
<b>18</b> Total expenses. Add total expenses from line 16, columns A through H	<b>18</b>				-150,239.
<b>19</b> Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	<b>19</b>				
<b>20a</b> Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	<b>20a</b>				
<b>b</b> Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:					
(1) Name		(2) Employer identification number			
-----		-----			
-----		-----			
-----		-----			
<b>21</b> Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:	<b>21</b>				156,492.
<ul style="list-style-type: none"> <li>Form 1065 or 1120S: Schedule K, line 2, or</li> <li>Form 1065-B: Part I, line 4</li> </ul>					

**BAA** For Paperwork Reduction Act Notice, see the separate instructions.

Form 8825 (2005)

**Depreciation and Amortization**  
**(Including Information on Listed Property)**

► See separate instructions. ► Attach to your tax return.

OMB No. 1545-0172

**2005**

Attachment  
Sequence No. **67**

Name(s) shown on return

**PETER S AND WILLIAM E AUSTIN, PTR**

Identifying number

**59-2266760**

Business or activity to which this form relates

Form **8825** **COMMERCIAL PROPERTY, NEW JERSEY**

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	<b>\$105,000.</b>
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	<b>\$420,000.</b>
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property (other than listed property) placed in service during the tax year (see instrs)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	<b>0.</b>

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	<b>18,747.</b>
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2005 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	07/05	11,435.	39 yrs	MM	S/L	134.

**Section C - Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (see instructions)**

21	Listed property. Enter amount from line 28	21	<b>67.</b>
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	<b>18,948.</b>
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A – Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

<b>24a</b> Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>		<b>24b</b> If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>						
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) <b>25</b>								
<b>26</b> Property used more than 50% in a qualified business use:								
CELL PHONE	11/01/03	100.00	170.	85.	7.00	200DB/HY	15.	
HP PRINTER	05/17/04	100.00	212.	212.	7.00	200DB/HY	52.	
<b>27</b> Property used 50% or less in a qualified business use:								
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 <b>28</b> <b>67.</b>								
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 <b>29</b>								

**Section B – Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles)												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven												
<b>33</b> Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>34</b> Was the vehicle available for personal use during off-duty hours?												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person?												
<b>36</b> Is another vehicle available for personal use?												

**Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2005 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2005 tax year					<b>43</b> <b>0.</b>
<b>44</b> Total. Add amounts in column (f). See instructions for where to report					<b>44</b> <b>0.</b>

Form 1065, Schedule M-1, Line 4

**Sch M-1, Line 4****LIFE INSURANCE PREMIUMS** **879.**Total **879.**

Form 1065, Schedule L, Line 20

**Other Liabilities**

Other Liabilities:	Beginning of tax year	End of tax year
<b>Security Deposits</b>	<b>41,180.</b>	<b>37,848.</b>
Total	<b>41,180.</b>	<b>37,848.</b>



Schedule K-1  
(Form 1065)

2005

For calendar year 2005, or tax

Department of the Treasury  
Internal Revenue Serviceyear beginning \_\_\_\_\_, 2005  
ending \_\_\_\_\_Partner's Share of Income, Deductions,  
Credits, etc. ▶ See separate instructions.**Part I** Information About the Partnership

- A** Partnership's employer identification number  
59-2266760
- B** Partnership's name, address, city, state, and ZIP code  
PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 9047  
MORRISTOWN, NJ 07963-9047
- C** IRS Center where partnership filed return  
CINCINNATI, OH
- D** ☐ Check if this is a publicly traded partnership (PTP)
- E** ☐ Tax shelter registration number, if any \_\_\_\_\_
- F** ☐ Check if Form 8271 is attached

**Part II** Information About the Partner

- G** Partner's identifying number Partner Number  
141-24-0205
- H** Partner's name, address, city, state, and ZIP code  
PETER S AUSTIN  
2051 SWAINSON'S RUN  
NAPLES, FL 33942
- I** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member
- J** ☒ Domestic partner ☐ Foreign partner
- K** What type of entity is this partner? INDIVIDUAL
- L** Partner's share of profit, loss, and capital:
- |         | Beginning  | Ending     |
|---------|------------|------------|
| Profit  | 50.00000 % | 50.00000 % |
| Loss    | 50.00000 % | 50.00000 % |
| Capital | 50.00000 % | 50.00000 % |
- M** Partner's share of liabilities at year end:
- |                                 |    |         |
|---------------------------------|----|---------|
| Nonrecourse                     | \$ |         |
| Qualified nonrecourse financing | \$ | 50,931. |
| Recourse                        | \$ | 18,924. |

- N** Partner's capital account analysis:
- |                                     |    |          |
|-------------------------------------|----|----------|
| Beginning capital account           | \$ | 218,138. |
| Capital contributed during the year | \$ |          |
| Current year increase (decrease)    | \$ | 77,833.  |
| Withdrawals and distributions       | \$ | 36,000.  |
| Ending capital account              | \$ | 259,971. |

- ☒ Tax basis ☐ GAAP ☐ Section 704(b) book  
☐ Other (explain) \_\_\_\_\_

☐ Final K-1☐ Amended K-1**Part III** Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits & credit recapture
2	Net rental real estate income (loss) 78,246.		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments 36,000.		
5	Interest income 26.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	-115.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	439.
12	Section 179 deduction	19	Distributions
13	Other deductions	A	36,000.
14	Self-employment earnings (loss)	20	Other information
A	36,000.	A	26.

\*See attached statement for additional information.

FOR  
IRS  
USE  
ONLY

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

- 1 Ordinary business income (loss).** You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:

	Enter on
Passive loss	See the Partner's Instructions
Passive income	Schedule E, line 28, column (g)
Nonpassive loss	Schedule E, line 28, column (h)
Nonpassive income	Schedule E, line 28, column (i)

**2 Net rental real estate income (loss)**

See the Partner's Instructions

**3 Other net rental income (loss)**

Net income	Schedule E, line 28, column (g)
Net loss	See the Partner's Instructions

**4 Guaranteed payments**

Schedule E, line 28, column (j)

**5 Interest income**

Form 1040, line 8a

**6a Ordinary dividends**

Form 1040, line 9a

**6b Qualified dividends**

Form 1040, line 9b

**7 Royalties**

Schedule E, line 4

**8 Net short-term capital gain (loss)**

Schedule D, line 5, column (f)

**9a Net long-term capital gain (loss)**

Schedule D, line 12, column (f)

**9b Collectibles (28%) gain (loss)**

28% Rate Gain Worksheet, line 4 (Schedule D instructions)

**9c Unrecaptured section 1250 gain**

See the Partner's Instructions

**10 Net section 1231 gain (loss)**

See the Partner's Instructions

**11 Other income (loss)**

**Code**

<b>A</b> Other portfolio income (loss)	See the Partner's Instructions
<b>B</b> Involuntary conversions	See the Partner's Instructions
<b>C</b> Section 1256 contracts and straddles	Form 6781, line 1
<b>D</b> Mining exploration costs recapture	See Pub 535
<b>E</b> Cancellation of debt	Form 1040, line 21 or Form 982
<b>F</b> Other income (loss)	See the Partner's Instructions

**12 Section 179 deduction**

See the Partner's Instructions

**13 Other deductions**

<b>A</b> Cash contributions (50%)	See the Partner's Instructions
<b>B</b> Cash contributions (30%)	
<b>C</b> Noncash contributions (50%)	
<b>D</b> Noncash contributions (30%)	
<b>E</b> Capital gain property to a 50% organization (30%)	
<b>F</b> Capital gain property (20%)	
<b>G</b> Cash contributions (100%)	
<b>H</b> Investment interest expense	Form 4952, line 1
<b>I</b> Deductions — royalty income	Schedule E, line 18
<b>J</b> Section 59(e)(2) expenditures	See Partner's Instructions
<b>K</b> Deductions — portfolio (2% floor)	Schedule A, line 22
<b>L</b> Deductions — portfolio (other)	Schedule A, line 27
<b>M</b> Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29
<b>N</b> Educational assistance benefits	See the Partner's Instructions
<b>O</b> Dependent care benefits	Form 2441, line 12
<b>P</b> Preproductive period expenses	See the Partner's Instructions
<b>Q</b> Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions
<b>R</b> Pensions and IRAs	See the Partner's Instructions
<b>S</b> Reforestation expense deduction	See the Partner's Instructions
<b>T</b> Domestic production activities information	See Form 8903 Instructions
<b>U</b> Qualified production activities income	Form 8903, line 7
<b>V</b> Employer's W-2 wages	Form 8903, line 13
<b>W</b> Other deductions	See the Partner's Instructions

**14 Self-employment earnings (loss)**

**Note.** If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.

<b>A</b> Net earnings (loss) from self-employment	Schedule SE, Section A or B
<b>B</b> Gross farming or fishing income	See the Partner's Instructions
<b>C</b> Gross non-farm income	See the Partner's Instructions

**15 Credits and credit recapture**

<b>A</b> Low-income housing credit (section 42(j)(5))	Form 8586, line 4
<b>B</b> Low-income housing credit (other)	Form 8586, line 4
<b>C</b> Qualified rehabilitation expenditures (rental real estate)	Form 3468, line 1
<b>D</b> Qualified rehabilitation expenditures (other than rental real estate)	Form 3468, line 1
<b>E</b> Basis of energy property	See the Partner's Instructions
<b>F</b> Other rental real estate credits	See the Partner's Instructions
<b>G</b> Other rental credits	See the Partner's Instructions
<b>H</b> Undistributed capital gains credit	Form 1040, line 70; check box a
<b>I</b> Credit for alcohol used as fuel	See the Partner's Instructions

**Code**

<b>J</b> Work opportunity credit	Form 5884, line 3
<b>K</b> Welfare-to-work credit	Form 8861, line 3
<b>L</b> Disabled access credit	Form 8826, line 7
<b>M</b> Empowerment zone and renewal community employment credit	Form 8844, line 3
<b>N</b> Credit for increasing research activities	Form 6765, line 42
<b>O</b> New markets credit	Form 8874, line 2
<b>P</b> Credit for employer social security and Medicare taxes	Form 8846, line 5
<b>Q</b> Backup withholding	Form 1040, line 64
<b>R</b> Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
<b>S</b> Recapture of low-income housing credit (other)	Form 8611, line 8
<b>T</b> Recapture of investment credit	See Form 4255
<b>U</b> Other credits	See the Partner's Instructions
<b>V</b> Recapture of other credits	See the Partner's Instructions

**16 Foreign transactions**

<b>A</b> Name of country or U.S. possession	Form 1116, Part I
<b>B</b> Gross income from all sources	Form 1116, Part I
<b>C</b> Gross income sourced at partner level	Form 1116, Part I

**Foreign gross income sourced at partnership level**

<b>D</b> Passive	Form 1116, Part I
<b>E</b> Listed categories	Form 1116, Part I
<b>F</b> General limitation	Form 1116, Part I

**Deductions allocated and apportioned at partnership level**

<b>G</b> Interest expense	Form 1116, Part I
<b>H</b> Other	Form 1116, Part I

**Deductions allocated and apportioned at partnership level to foreign source income**

<b>I</b> Passive	Form 1116, Part I
<b>J</b> Listed categories	Form 1116, Part I
<b>K</b> General limitation	Form 1116, Part I

**Other information**

<b>L</b> Total foreign taxes paid	Form 1116, Part II
<b>M</b> Total foreign taxes accrued	Form 1116, Part II
<b>N</b> Reduction in taxes available for credit	Form 1116, line 12
<b>O</b> Foreign trading gross receipts	Form 8873
<b>P</b> Extraterritorial income exclusion	Form 8873
<b>Q</b> Other foreign transactions	See the Partner's Instructions

**17 Alternative minimum tax (AMT) items**

<b>A</b> Post-1986 depreciation adjustment	See the Partner's Instructions and the instructions for Form 6251
<b>B</b> Adjusted gain or loss	
<b>C</b> Depletion (other than oil & gas)	
<b>D</b> Oil, gas, & geothermal properties — gross income	
<b>E</b> Oil, gas, & geothermal properties — deductions	
<b>F</b> Other AMT items	

**18 Tax-exempt income and nondeductible expenses**

<b>A</b> Tax-exempt interest income	Form 1040, line 8b
<b>B</b> Other tax-exempt income	See the Partner's Instructions
<b>C</b> Nondeductible expenses	See the Partner's Instructions

**19 Distributions**

<b>A</b> Cash and marketable securities	See the Partner's Instructions
<b>B</b> Other property	See the Partner's Instructions

**20 Other information**

<b>A</b> Investment income	Form 4952, line 4a
<b>B</b> Investment expenses	Form 4952, line 5
<b>C</b> Fuel tax credit information	Form 4136
<b>D</b> Look-back interest — completed long-term contracts	See Form 8597
<b>E</b> Look-back interest — income forecast method	See Form 8866
<b>F</b> Dispositions of property with section 179 deductions	See the Partner's Instructions
<b>G</b> Recapture of section 179 deductions	
<b>H</b> Special basis adjustments	
<b>I</b> Section 453(f)(3) information	
<b>J</b> Section 453A(c) information	
<b>K</b> Section 1260(b) information	
<b>L</b> Interest allocable to production expenditures	
<b>M</b> CCF nonqualified withdrawals	
<b>N</b> Information needed to figure depletion — oil and gas	
<b>O</b> Amortization of Reforestation costs	
<b>P</b> Unrelated business taxable income	
<b>Q</b> Other information	

Schedule K-1 (PETER S.AUSTIN), Supplemental Information  
**Supplemental Information**

**INTEREST PAID TO PARTNER ON NOTE**

**6,254.**

**Schedule K-1**  
(Form 1065)

Department of the Treasury  
Internal Revenue Service

**2005**

For calendar year 2005, or tax

year beginning \_\_\_\_\_, 2005  
ending \_\_\_\_\_

**Partner's Share of Income, Deductions, Credits, etc.**

▶ See separate instructions.

**Part I Information About the Partnership**

- A** Partnership's employer identification number  
**59-2266760**
- B** Partnership's name, address, city, state, and ZIP code  
**PETER S AND WILLIAM E AUSTIN, PTR**  
**PETER S AUSTIN, GEN PTR**  
**P.O. BOX 9047**  
**MORRISTOWN, NJ 07963-9047**
- C** IRS Center where partnership filed return  
**CINCINNATI, OH**
- D** ☐ Check if this is a publicly traded partnership (PTP)
- E** ☐ Tax shelter registration number, if any \_\_\_\_\_
- F** ☐ Check if Form 8271 is attached

**Part II Information About the Partner**

- G** Partner's identifying number **Partner Number** **20-6076403**
- H** Partner's name, address, city, state, and ZIP code  
**WILLIAM AUSTIN TRUST**  
**149M AIRPORT ROAD**  
**WAITSFIELD, VT 05673**
- I** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member
- J** ☒ Domestic partner ☐ Foreign partner
- K** What type of entity is this partner? **TRUST**
- L** Partner's share of profit, loss, and capital:
- |         | Beginning  | Ending     |
|---------|------------|------------|
| Profit  | 50.00000 % | 50.00000 % |
| Loss    | 50.00000 % | 50.00000 % |
| Capital | 50.00000 % | 50.00000 % |
- M** Partner's share of liabilities at year end:
- |                                 |    |         |
|---------------------------------|----|---------|
| Nonrecourse                     | \$ |         |
| Qualified nonrecourse financing | \$ | 50,931. |
| Recourse                        | \$ | 18,924. |

- N** Partner's capital account analysis:
- |                                     |    |          |
|-------------------------------------|----|----------|
| Beginning capital account           | \$ | 218,142. |
| Capital contributed during the year | \$ |          |
| Current year increase (decrease)    | \$ | 77,832.  |
| Withdrawals and distributions       | \$ | 36,000.  |
| Ending capital account              | \$ | 259,974. |

- ☒ Tax basis ☐ GAAP ☐ Section 704(b) book  
☐ Other (explain) \_\_\_\_\_

☐ Final K-1

☐ Amended K-1

651105  
OMB No. 1545-0099

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits & credit recapture
2	Net rental real estate income (loss) 78,246.		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 26.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	-116.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	440.
12	Section 179 deduction	19	Distributions
		A	36,000.
13	Other deductions		
		20	Other information
		A	26.
14	Self-employment earnings (loss)		

\*See attached statement for additional information.

FOR  
IRS  
USE  
ONLY



6:44 AM

01/28/07

Accrual Basis

UNAUDITED

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2006

Dec 31, 06

## ASSETS

## Current Assets

## Checking/Savings

Bank of America - MM - 6053

4,022.56

Bank of America - CK - 6066

14,451.69

1000 - Commerce Checking

1,999.05

Total Checking/Savings

20,473.30

## Accounts Receivable

1010 - Accounts Receivable

73,381.66

Total Accounts Receivable

73,381.66

Total Current Assets

93,854.96

## Fixed Assets

## Real Estate

## Cost Basis 1970

2020 - Land

27,741.00

2121 - Building

64,325.00

Total Cost Basis 1970

92,066.00

## Accumulated Depreciation

2023 - SL 25.0 yr

-64,325.00

Total Accumulated Depreciation

-64,325.00

## Improvements 1992

2041 - Cost

8,636.91

2043 - Depreciation SL MM 31.5 yr

-3,661.00

Total Improvements 1992

4,975.91

## Tank Removal 1992

2045 - Cost

54,009.24

2047 - Depreciation SL MM 20.0 yr

-35,057.57

Total Tank Removal 1992

18,951.67

## HVAC/VIP Carrier 1994

2049 - Cost

2,047.50

2051 - Depreciation SL MM 39.0 yr

-624.00

Total HVAC/VIP Carrier 1994

1,423.50

## Improvements 1995

2053 - Cost

5,459.00

2055 - Depreciation 200DB HY 7.0 yr

-5,459.00

Total Improvements 1995

0.00

## Tank Removal 1995

2057 - Cost

1,981.00

2059 - Depreciation SL MM 20.0 yr

-1,277.00

Total Tank Removal 1995

704.00

## Roof 1996

2061 - Cost

6,700.00

2063 - Depreciation SL MM 39.0 yr

-1,560.00

Total Roof 1996

5,140.00

## Improvements 1998

2065 - Cost

67,107.82

2067 - Depreciation SL MM 39.0 yr

-11,115.00

Total Improvements 1998

55,992.82

## Improvements 1999

2069 - Cost

91,901.21

2071 - Depreciation SL MM 39.0 yr

-15,217.00

Total Improvements 1999

76,684.21

## Improvements 2000

(-14058)  
UNOBSERVABLE

6:44 AM

01/28/07

Accrual Basis

**Austin & Austin Company**  
**Balance Sheet**  
 As of December 31, 2006

	Dec 31, 06
2073 · Cost	224,434.86
2075 · Depreciation SL MM 39.0.yr	-24,698.00
Total Improvements 2000	199,736.86
Improvements 2001	
2077 · Cost	139,049.76
2079 · Depreciation SL MM 39.0 yr	-15,300.00
Total Improvements 2001	123,749.76
Improvements 2002	
2081 · Cost	14,892.09
2083 · Depreciation SL MM 39.0 yr	-1,353.00
Total Improvements 2002	13,539.09
Improvements 2003	
2085 · Cost	32,877.31
2087 · Depreciation	-2,143.00
Total Improvements 2003	30,734.31
Improvements 2004	
2088 · Cost	14,749.00
2089 · Depreciation	-520.00
Total Improvements 2004	14,229.00
Improvement 2005	
2090 · Cost	92,731.47
Total Improvement 2005	92,731.47
Roof 2005	
2093 · Cost	11,435.00
2092 · Depreciation	-134.00
Total Roof 2005	11,301.00
Improvements 2006	
Cost	89,565.23
Total Improvements 2006	89,565.23
Total Real Estate	767,199.83
Total Fixed Assets	767,199.83
Other Assets	
PSE&G Deposit	132.00
Legal Fee - Refinance 1986	
2104 · Cost	1,639.00
2106 · Amortization 19.0 yr	-1,634.00
Total Legal Fee - Refinance 1986	5.00
Office Equipment	
Dell Computer 020221	
2210 · Cost	-1,297.44
2212 · Depreciation	-1,140.00
Total Dell Computer 020221	157.44
Disc Drive 010414	
2206 · Cost	216.14
2208 · Depreciation	-204.00
Total Disc Drive 010414	12.14
Cellphone 031101	
2234 · Cost	169.58
2236 · Depreciation	-133.00
Total Cellphone 031101	36.58
Dell Computer 030707	
2222 · Cost	1,073.78

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2006

	Dec 31, 06
2224 · Depreciation	-919.00
Total Dell Computer 030707	154.78
HP Computer 060316	
Cost	350.00
Total HP Computer 060316	350.00
Scanner 030910	
2230 · Cost	188.87
2232 · Depreciation	-162.00
Total Scanner 030910	26.87
HP Printer 040517	
2237 · Cost	211.97
2238 · Accumulated Depreciation	-82.00
Total HP Printer 040517	129.97
Digital Camera 021121	
2214 · Cost	265.00
2216 · Depreciation	-207.00
Total Digital Camera 021121	58.00
Shredder 030524	
2218 · Cost	111.81
2220 · Depreciation	-88.00
Total Shredder 030524	23.81
Fax 030826	
2226 · Cost	70.48
2228 · Depreciation	-60.00
Total Fax 030826	10.48
Total Office Equipment	960.07
Signage	
2108 · Cost	132.50
2110 · Depreciation	-233.00
Total Signage	-100.50
Total Other Assets	996.57
<b>TOTAL ASSETS</b>	<b>862,051.36</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3000 · Accounts Payable	2,131.60
Total Accounts Payable	2,131.60
Other Current Liabilities	
3002 · Rub-A-Dub Current Loan	1,787.50
Total Other Current Liabilities	1,787.50
Total Current Liabilities	3,919.10
Long Term Liabilities	
Loans Payable	
3003 · Peter Austin Amortized Loan	149,417.20
Total Loans Payable	149,417.20
Mortgages Payable	
First Morris Bank	
3507 · 6879004	96,310.45
3506 · 10084004	5,758.08



6:44 AM

01/28/07

Accrual Basis

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2006

Dec 31, 06

Total First Morris Bank	102,068.53
Total Mortgages Payable	102,068.53
Security Deposits Payable	
Kensington	5,120.00
Amici Hair Design, LLC	4,368.00
3602 · New Image Cleaners	7,488.97
3605 · Elite Photographers	4,266.66
3608 · Cardio Care Fitness Center	5,620.56
3612 · Curves for Women	3,648.00
3614 · State Farm Insurance	4,402.67
Total Security Deposits Payable	34,914.86
Total Long Term Liabilities	286,400.59
Total Liabilities	290,319.69
Equity	
Capital Accounts	
Peter S. Austin	
4002 · Equity	215,627.83
4004 · Drawing	-72,000.00
Total Peter S. Austin	143,627.83
William E. Austin Trust	
4006 · Equity	215,627.83
4008 · Drawing	-72,000.00
Total William E. Austin Trust	143,627.83
Total Capital Accounts	287,255.66
4014 · Retained Earnings	204,746.33
Net Income	79,729.68
Total Equity	571,731.67
TOTAL LIABILITIES & EQUITY	862,051.36

6:39 AM

01/28/07

Accrual Basis

**Austin & Austin Company**  
**Profit & Loss**  
 January through December 2005

Jan - Dec 05

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
5000 · Rent	347,370.35
<b>Interest Income</b>	
5002 · First Morris Bank	51.58
<b>Total Interest Income</b>	51.58
<b>Total Income</b>	347,421.93
<b>Expense</b>	
<b>Administration</b>	
6002 · Management	36,000.00
6006 · Professional Fees	13,230.62
6008 · Telephone	1,153.16
6010 · Office Supplies & Expense	600.73
6012 · Postage	224.87
6014 · Bank Service Charge	22.00
6016 · Planning Board	266.00
6020 · Travel	462.90
<b>Total Administration</b>	51,960.28
<b>Insurance</b>	
6802 · Property & Liability	5,893.00
6804 · Owners Life Insurance	879.00
<b>Total Insurance</b>	6,772.00
<b>Interest Expense</b>	
6108 · Peter Austin	6,523.67
<b>Total Interest Expense</b>	6,523.67
<b>Maintenance &amp; Repair</b>	
6602 · Company	2,457.98
6604 · Tenant	159.00
<b>Total Maintenance &amp; Repair</b>	2,616.98
<b>Mortgage Interest</b>	
6204 · First Morris Bank	1,389.21
<b>Total Mortgage Interest</b>	1,389.21
<b>Taxes</b>	
6302 · Property Tax	38,851.21
<b>Total Taxes</b>	38,851.21
<b>Utilities</b>	
6402 · Water	2,616.94
6404 · Sewer	8,210.85
<b>6406 · Electric</b>	
Landlord	31.92
Tenant	956.21
6406 · Electric - Other	-262.75
<b>Total 6406 · Electric</b>	725.38
6408 · Gas	1,080.72
6410 · Fire Service	890.86
6412 · Trash Collection	2,089.50
<b>Total Utilities</b>	15,614.25
6756 · Depreciation Expense	18,948.00
<b>Total Expense</b>	142,675.60
<b>Net Ordinary Income</b>	204,746.33
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
7000 · Suspense	0.00

6:39 AM  
01/28/07  
Accrual Basis

**Austin & Austin Company**  
**Profit & Loss**  
January through December 2005

Jan - Dec 05

Total Other Expense	0.00
Net Other Income	0.00
Net Income	<u>204,746.33</u>

6:45 AM

01/28/07

Accrual Basis

## Austin &amp; Austin Company

## UNAUDITED Balance Sheet

As of December 31, 2005

Dec 31, 05

## ASSETS

## Current Assets

## Checking/Savings

1000 · Commerce Checking

-8,675.81

1003 · FMB - Money Market

10,532.44

Total Checking/Savings

1,856.63

## Accounts Receivable

1010 · Accounts Receivable

44,336.64

Total Accounts Receivable

44,336.64

(23813)  
UNCOLLECTIBLE

Total Current Assets

46,193.27

## Fixed Assets

## Real Estate

## Cost Basis 1970

2020 · Land

27,741.00

2121 · Building

64,325.00

Total Cost Basis 1970

92,066.00

## Accumulated Depreciation

2023 · SL 25.0 yr

-64,325.00

Total Accumulated Depreciation

-64,325.00

## Improvements 1992

2041 · Cost

8,636.91

2043 · Depreciation SL MM 31.5 yr

-3,661.00

Total Improvements 1992

4,975.91

## Tank Removal 1992

2045 · Cost

54,009.24

2047 · Depreciation SL MM 20.0 yr

-35,057.57

Total Tank Removal 1992

18,951.67

## HVAC/VIP Carrier 1994

2049 · Cost

2,047.50

2051 · Depreciation SL MM 39.0 yr

-624.00

Total HVAC/VIP Carrier 1994

1,423.50

## Improvements 1995

2053 · Cost

5,459.00

2055 · Depreciation 200DB HY 7.0 yr

-5,459.00

Total Improvements 1995

0.00

## Tank Removal 1995

2057 · Cost

1,981.00

2059 · Depreciation SL MM 20.0 yr

-1,277.00

Total Tank Removal 1995

704.00

## Roof 1996

2061 · Cost

6,700.00

2063 · Depreciation SL MM 39.0 yr

-1,560.00

Total Roof 1996

5,140.00

## Improvements 1998

2065 · Cost

67,107.82

2067 · Depreciation SL MM 39.0 yr

-11,115.00

Total Improvements 1998

55,992.82

## Improvements 1999

2069 · Cost

91,901.21

2071 · Depreciation SL MM 39.0 yr

-15,217.00

Total Improvements 1999

76,684.21

## Improvements 2000

2073 · Cost

224,434.86

6:45 AM

01/28/07

Accrual Basis

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2005

	Dec 31, 05
2075 · Depreciation SL MM 39.0 yr	-24,698.00
Total Improvements 2000	199,736.86
Improvements 2001	
2077 · Cost	139,049.76
2079 · Depreciation SL MM 39.0 yr	-15,300.00
Total Improvements 2001	123,749.76
Improvements 2002	
2081 · Cost	14,892.09
2083 · Depreciation SL MM 39.0 yr	-1,353.00
Total Improvements 2002	13,539.09
Improvements 2003	
2085 · Cost	32,877.31
2087 · Depreciation	-2,143.00
Total Improvements 2003	30,734.31
Improvements 2004	
2088 · Cost	14,749.00
2089 · Depreciation	-520.00
Total Improvements 2004	14,229.00
Improvement 2005	
2090 · Cost	92,731.47
Total Improvement 2005	92,731.47
Roof 2005	
2093 · Cost	11,435.00
2092 · Depreciation	-134.00
Total Roof 2005	11,301.00
Total Real Estate	677,634.60
Total Fixed Assets	677,634.60
Other Assets	
Legal Fee - Refinance 1986	
2104 · Cost	1,639.00
2106 · Amortization 19.0 yr	-1,634.00
Total Legal Fee - Refinance 1986	5.00
Office Equipment	
Dell Computer 020221	
2210 · Cost	1,297.44
2212 · Depreciation	-1,140.00
Total Dell Computer 020221	157.44
Disc Drive 010414	
2206 · Cost	216.14
2208 · Depreciation	-204.00
Total Disc Drive 010414	12.14
Cellphone 031101	
2234 · Cost	169.58
2236 · Depreciation	-133.00
Total Cellphone 031101	36.58
Dell Computer 030707	
2222 · Cost	1,073.78
2224 · Depreciation	-919.00
Total Dell Computer 030707	154.78
Scanner 030910	
2230 · Cost	188.87
2232 · Depreciation	-162.00

6:45 AM

01/28/07

Accrual Basis

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2005

	Dec 31, 05
Total Scanner 030910	26.87
HP Printer 040517	
2237 · Cost	211.97
2238 · Accumulated Depreciation	-82.00
Total HP Printer 040517	129.97
Digital Camera 021121	
2214 · Cost	265.00
2216 · Depreciation	-207.00
Total Digital Camera 021121	58.00
Shredder 030524	
2218 · Cost	111.81
2220 · Depreciation	-88.00
Total Shredder 030524	23.81
Fax 030826	
2226 · Cost	70.48
2228 · Depreciation	-60.00
Total Fax 030826	10.48
Total Office Equipment	610.07
Signage	
2108 · Cost	132.50
2110 · Depreciation	-233.00
Total Signage	-100.50
Total Other Assets	514.57
<b>TOTAL ASSETS</b>	<b>724,342.44</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3000 · Accounts Payable	20,630.38
Total Accounts Payable	20,630.38
Other Current Liabilities	
3002 · Rub-A-Dub Current Loan	-690.00
3001 · Peter Austin Current Loan	4,729.10
Total Other Current Liabilities	4,039.10
Total Current Liabilities	24,669.48
Long Term Liabilities	
Loans Payable	
3003 · Peter Austin Amortized Loan	85,513.08
Total Loans Payable	85,513.08
Mortgages Payable	
First Morris Bank	
3506 · 10084004	12,310.03
Total First Morris Bank	12,310.03
Total Mortgages Payable	12,310.03
Security Deposits Payable	
Amici Hair Design, LLC	4,368.00
3603 · KidFit USA	4,053.00
3602 · New Image Cleaners	7,488.97
3605 · Elite Photographers	4,266.66
3608 · Cardio Care Fitness Center	5,620.56
3612 · Curves for Women	3,648.00

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01/28/07

Accrual Basis

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2005

	Dec 31, 05
3614 · State Farm Insurance	4,402.67
3616 · Conroy's Florist	2,000.00
Security Deposits Payable - Other	2,000.00
Total Security Deposits Payable	37,847.86
Total Long Term Liabilities	135,670.97
Total Liabilities	160,340.45
Equity	
Capital Accounts	
Peter S. Austin	
4002 · Equity	215,627.83
4004 · Drawing	-36,000.00
Total Peter S. Austin	179,627.83
William E. Austin Trust	
4006 · Equity	215,627.83
4008 · Drawing	-36,000.00
Total William E. Austin Trust	179,627.83
Total Capital Accounts	359,255.66
Net Income	204,746.33
Total Equity	564,001.99
TOTAL LIABILITIES & EQUITY	724,342.44

Form 1065

Department of the Treasury  
Internal Revenue Service**U.S. Return of Partnership Income**  
For calendar year 2004, or tax year beginning \_\_\_\_\_, 2004, and  
ending \_\_\_\_\_, 20 \_\_\_\_  
▶ See separate instructions.

OMB No. 1545-0099

**2004****A** Principal business activity**RENTAL REALTY****B** Principal product or service**RENTS****C** Business code number

531100

Use the  
IRS  
label.  
Other-  
wise,  
print  
or type.

Name of partnership

PETER S AND WILLIAM E AUSTIN, PTR

PETER S AUSTIN, GEN PTR

Number, street, and room or suite number. If a P.O. box, see instructions.

P.O. BOX 9047

City or town

MORRISTOWN

State ZIP code

NJ 07963-9047

**D** Employer identification  
number

59-2266760

**E** Date business started

03/24/82

**F** Total assets (see instrs)

\$ 611,383.

**G** Check applicable boxes:(1) ☐

Initial return

(2) ☐

Final return

(3) ☐

Name change

(4) ☐

Address change

(5) ☐

Amended return

**H** Check accounting method:(1) ☒

Cash

(2) ☐

Accrual

(3) ☐

Other (specify) \_\_\_\_\_

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year \_\_\_\_\_ ▶ 2**Caution:** Include *only* trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.**INCOME****1 a** Gross receipts or sales**1 a****b** Less returns and allowances**1 b****1 c****2** Cost of goods sold (Schedule A, line 8)**2****3** Gross profit. Subtract line 2 from line 1c**3****4** Ordinary income (loss) from other partnerships, estates, and trusts  
(attach schedule)**4****5** Net farm profit (loss) (attach Schedule F (Form 1040))**5****6** Net gain (loss) from Form 4797, Part II, line 17**6****7** Other income (loss)  
(attach schedule)**7****8** Total income (loss). Combine lines 3 through 7**8****DEDUCTIONS****SEE INSTRUCTIONS FOR LIMITATIONS****9** Salaries and wages (other than to partners) (less employment credits)**9****10** Guaranteed payments to partners**10****11** Repairs and maintenance**11****12** Bad debts**12****13** Rent**13****14** Taxes and licenses**14****15** Interest**15****16 a** Depreciation (if required, attach Form 4562)**16 a****b** Less depreciation reported on Schedule A and elsewhere on return**16 b****16 c****17** Depletion (Do not deduct oil and gas depletion.)**17****18** Retirement plans, etc**18****19** Employee benefit programs**19****20** Other deductions  
(attach statement)**20****21** Total deductions. Add the amounts shown in the far right column for lines 9 through 20**21****22** Ordinary business income (loss). Subtract line 21 from line 8**22****Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member

Date

May the IRS discuss this return  
with the preparer shown below  
(see instrs)? ☒ Yes ☐ No**Paid  
Preparer's  
Use Only**Preparer's  
signature

Date

Check if self-  
employed

Preparer's SSN or PTIN

P00216551

Firm's name  
(or yours if  
self-employed),  
address, and  
ZIP code

HALL AND HOLDEN, PC

PO BOX 1427

WAITSFIELD

VT 05673

EIN ▶ 03-0349737

Phone no. (802) 496-3140

**BAA** For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

PTPA0112 01/05/05

Form 1065 (2004)



**Schedule A** Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	<b>Total.</b> Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

**9a** Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3  
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4  
(iii) ☐ Other (specify method used and attach explanation) \_\_\_\_\_

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐ Yes ☒ Noc Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☒ Nod Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☒ Noe Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No

If 'Yes', attach explanation \_\_\_\_\_

**Schedule B** Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input checked="" type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other _____		
2	Are any partners in this partnership also partnerships?		X
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		X
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
5	Does this partnership meet all three of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1	X	
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions		X
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8	Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?		X
9	At any time during calendar year 2004, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country. _____		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions		X
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described in the instructions under <i>Elections Made By the Partnership</i>		X
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return _____		X

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP \_\_\_\_\_

Identifying number of TMP \_\_\_\_\_

Address of designated TMP \_\_\_\_\_

**Schedule K-1 Partners' Distributive Share Items**

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach stmt)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Guaranteed payments	4
	5 Interest income	5
	6 Dividends: a Ordinary dividends	6a
	b Qualified dividends	6b
	7 Royalties	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8
Deductions	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a
	b Collectibles (28%) gain (loss)	9b
	c Unrecaptured section 1250 gain (attach statement)	9c
	10 Net section 1231 gain (loss) (attach Form 4797)	10
	11 Other income (loss) (attach statement)	11
Self-Employment	12 Section 179 deduction (attach Form 4562)	12
	13a Contributions	13a
	b Deductions related to portfolio income (attach statement)	13b
	c Investment interest expense	13c
	d Section 59(e)(2) expenditures: (1) Type (2) Amount	13d (2)
Credits & Credit Recap- ture	e Other deductions (attach statement)	13e
	14a Net earnings (loss) from self-employment	14a
	b Gross farming or fishing income	14b
	c Gross nonfarm income	14c
	15a Low-income housing credit (section 42(j)(5))	15a
	b Low-income housing credit (other)	15b
Foreign Trans- actions	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c
	d Other rental real estate credits	15d
	e Other rental credits	15e
	f Other credits and credit recapture (attach statement)	15f
	16a Name of country or U.S. possession	16a
	b Gross income from all sources	16b
	c Gross income sourced at partner level	16c
	d Passive e Listed categories (attach statement) f General limitation	16f
	g Interest expense h Other	16h
	i Passive j Listed categories (attach statement) k General limitation	16k
l Foreign taxes: (1) Paid (2) Accrued	16l (2)	
Alternative Minimum Tax (AMT) Items	m Reduction in taxes available for credit (attach statement)	16m
	17a Post-1986 depreciation adjustment	17a
	b Adjusted gain or loss	17b
	c Depletion (other than oil and gas)	17c
	d Oil, gas, and geothermal properties — gross income	17d
	e Oil, gas, and geothermal properties — deductions	17e
Other Inform- ation	f Other AMT items (attach stmt)	17f
	18a Tax-exempt interest income	18a
	b Other tax-exempt income	18b
	c Nondeductible expenses	18c
	19a Distributions of cash and marketable securities	19a
	b Distributions of other property	19b
Other Inform- ation	20a Investment income	20a
	b Investment expenses	20b
	c Other items and amounts (attach stmt)	

BAA

Form 1065 (2004)

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13e, 16(1), and 16(2)						1	123,791.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners		61,895.				61,896.	
b Limited partners							

**Note:** Schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered "Yes."

**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		4,181.		18,453.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach stmt)				
7 Mortgage and real estate loans				
8 Other investments (attach stmt)				
9a Buildings and other depreciable assets	716,947.		731,908.	
b Less accumulated depreciation	147,981.	568,966.	166,724.	565,184.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		27,741.		27,741.
12a Intangible assets (amortizable only)	1,639.		1,639.	
b Less accumulated amortization	1,548.	91.	1,634.	5.
13 Other assets (attach stmt)				
14 Total assets		600,979.		611,383.
<b>Liabilities and Capital</b>				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				7,188.
17 Other current liabilities (attach stmt)		0.		
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more		166,089.		126,735.
20 Other liabilities (attach stmt) Ln. 20. Stmt		31,522.		41,180.
21 Partners' capital accounts		403,368.		436,280.
22 Total liabilities and capital		600,979.		611,383.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

1 Net income (loss) per books	122,912.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest ... \$	
3 Guaranteed pmts (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13e, 16(1), and 16(2), not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13e, 16(1), and 16(2) (itemize):		a Depreciation ... \$	
a Depreciation ... \$		8 Add lines 6 and 7	
b Travel and entertainment ... \$		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	123,791.
* STMT 879.	879.		
5 Add lines 1 through 4	123,791.		

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year	403,368.	6 Distributions: a Cash	90,000.
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	122,912.	8 Add lines 6 and 7	90,000.
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	436,280.
5 Add lines 1 through 4	526,280.		

Form **8825****Rental Real Estate Income and Expenses of a Partnership or an S Corporation**

OMB No. 1545-1186

**2004**Department of the Treasury  
Internal Revenue Service▶ See instructions.  
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name

Employer identification number

**PETER S AND WILLIAM E AUSTIN, PTR****59-2266760****1** Show the kind and location of each property. See page 2 for additional properties.**A** COMMERCIAL PROPERTY, NEW JERSEY**B** -----**C** -----**D** -----

Rental Real Estate Income		Properties			
		A	B	C	D
<b>2</b> Gross rents	<b>2</b>	277,599.			
<b>Rental Real Estate Expenses</b>					
<b>3</b> Advertising	<b>3</b>	366.			
<b>4</b> Auto and travel	<b>4</b>	478.			
<b>5</b> Cleaning and maintenance	<b>5</b>				
<b>6</b> Commissions	<b>6</b>				
<b>7</b> Insurance	<b>7</b>	6,110.			
<b>8</b> Legal and other professional fees	<b>8</b>	5,434.			
<b>9</b> Interest	<b>9</b>	9,135.			
<b>10</b> Repairs	<b>10</b>	5,723.			
<b>11</b> Taxes	<b>11</b>	47,853.			
<b>12</b> Utilities	<b>12</b>	17,467.			
<b>13</b> Wages and salaries	<b>13</b>				
<b>14</b> Depreciation (see instructions)	<b>14</b>	18,743.			
<b>15</b> Other (list) ▶ Telephone	<b>15</b>	367.			
Office Supplies		1,081.			
Bookkeeping and Accounting		4,188.			
STMT		36,902.			
<b>16</b> Total expenses for each property. Add lines 3 through 15	<b>16</b>	153,847.			
<b>17</b> Total gross rents. Add gross rents from line 2, columns A through H	<b>17</b>			277,599.	
<b>18</b> Total expenses. Add total expenses from line 16, columns A through H	<b>18</b>			-153,847.	
<b>19</b> Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	<b>19</b>				
<b>20a</b> Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	<b>20a</b>				
<b>b</b> Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:					
(1) Name	(2) Employer identification number				
-----					
-----					
<b>21</b> Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:	<b>21</b>			123,752.	
• Form 1065 or 1120S: Schedule K, line 2, or					
• Form 1065-B: Part I, line 4					

**BAA** For Paperwork Reduction Act Notice, see the separate instructions.Form **8825** (2004)

Department of the Treasury  
Internal Revenue ServiceDepreciation and Amortization  
(Including Information on Listed Property)▶ See separate instructions.  
▶ Attach to your tax return.

2004

67

Name(s) shown on return

PETER S AND WILLIAM E AUSTIN, PTR

Identifying number

59-2266760

Business or activity to which this form relates

Form 8825 COMMERCIAL PROPERTY, NEW JERSEY

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses	1	\$102,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$410,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2003 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2005. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	0.

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)****Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2004	17	18,550.
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2004 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property	08/04	14,749.	39 yrs	MM	S/L	142.
				MM	S/L	

**Section C - Assets Placed in Service During 2004 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (see instructions)**

21	Listed property. Enter amount from line 28	21	51.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	18,743.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A – Depreciation and Other Information** (Caution: See instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25		
26 Property used more than 50% in a qualified business use (see instructions):									
CELL PHONE	11/01/03	100.00	170.	85.	7.00	200DB/HY	21.		
HP PRINTER	05/17/04	100.00	212.	212.	7.00	200DB/HY	30.		
27 Property used 50% or less in a qualified business use (see instructions):									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	51.	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29		

**Section B – Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles – see instructions)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (see instructions)		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
42 Amortization of costs that begins during your 2004 tax year (see instructions):						
43 Amortization of costs that began before your 2004 tax year					43	86.
44 Total. Add amounts in column (f). See instructions for where to report					44	86.

**Schedule K-1**  
(Form 1065)

**2004**

Department of the Treasury  
Internal Revenue Service

Tax year beginning \_\_\_\_\_, 2004  
and ending \_\_\_\_\_, 20

**Partner's Share of Income, Deductions, Credits, etc.**

► See separate instructions.

**Part I Information About the Partnership**

- A** Partnership's employer identification number  
59-2266760
- B** Partnership's name, address, city, state, and ZIP code  
PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 9047  
MORRISTOWN, NJ 07963-9047
- C** IRS Center where partnership filed return  
CINCINNATI, OH
- D** ☐ Check if this is a publicly traded partnership (PTP)
- E** ☐ Tax shelter registration number, if any
- F** ☐ Check if Form 8271 is attached

**Part II Information About the Partner**

- G** Partner's identifying number Partner No: 1  
141-24-0205
- H** Partner's name, address, city, state, and ZIP code  
PETER S AUSTIN  
2051 SWAINSON'S RUN  
NAPLES, FL 33942
- I** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member
- J** ☒ Domestic partner ☐ Foreign partner
- K** What type of entity is this partner? INDIVIDUAL
- L** Partner's share of profit, loss, and capital:
- |         | Beginning  | Ending     |
|---------|------------|------------|
| Profit  | 50.00000 % | 50.00000 % |
| Loss    | 50.00000 % | 50.00000 % |
| Capital | 50.00000 % | 50.00000 % |
- M** Partner's share of liabilities at year end:
- |                                 |    |         |
|---------------------------------|----|---------|
| Nonrecourse                     | \$ |         |
| Qualified nonrecourse financing | \$ | 66,961. |
| Recourse                        | \$ | 20,590. |
- N** Partner's capital account analysis:
- |                                     |    |          |
|-------------------------------------|----|----------|
| Beginning capital account           | \$ | 210,682. |
| Capital contributed during the year | \$ |          |
| Current year increase (decrease)    | \$ | 61,456.  |
| Withdrawals and distributions       | \$ | 54,000.  |
| Ending capital account              | \$ | 218,138. |

- ☒ Tax basis ☐ GAAP ☐ Section 704(b) book
- ☐ Other (explain)

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits & credit recapture
2	Net rental real estate income (loss) 61,876.		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 19.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	-119.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	439.
		19	Distributions
12	Section 179 deduction	A	54,000.
13	Other deductions		
		20	Other information
		A	19.
14	Self-employment earnings (loss)		

\*See attached schedule for additional information.

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**BAA** For Paperwork Reduction Act Notice, see Instructions for Form 1065.

PTPA0312 01/05/05

Schedule K-1 (Form 1065) 2004

**Schedule K-1**  
(Form 1065)

Department of the Treasury  
Internal Revenue Service

Tax year beginning \_\_\_\_\_, 2004  
and ending \_\_\_\_\_, 20

**2004**

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

**Partner's Share of Income, Deductions, Credits, etc.**

▶ See separate instructions.

**Part I Information About the Partnership**

- A** Partnership's employer identification number  
59-2266760
- B** Partnership's name, address, city, state, and ZIP code  
PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 9047  
MORRISTOWN, NJ 07963-9047
- C** IRS Center where partnership filed return  
CINCINNATI, OH
- D** ☐ Check if this is a publicly traded partnership (PTP)
- E** ☐ Tax shelter registration number, if any
- F** ☐ Check if Form 8271 is attached

**Part II Information About the Partner**

- G** Partner's identifying number Partner No: 20-6076403
- H** Partner's name, address, city, state, and ZIP code  
WILLIAM AUSTIN TRUST  
149M AIRPORT ROAD  
WAITSFIELD, VT 05673
- I** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member
- J** ☒ Domestic partner ☐ Foreign partner
- K** What type of entity is this partner? TRUST
- L** Partner's share of profit, loss, and capital:
- |         | Beginning  | Ending     |
|---------|------------|------------|
| Profit  | 50.00000 % | 50.00000 % |
| Loss    | 50.00000 % | 50.00000 % |
| Capital | 50.00000 % | 50.00000 % |
- M** Partner's share of liabilities at year end:
- |                                 |    |         |
|---------------------------------|----|---------|
| Nonrecourse                     | \$ |         |
| Qualified nonrecourse financing | \$ | 66,962. |
| Recourse                        | \$ | 20,590. |
- N** Partner's capital account analysis:
- |                                     |    |          |
|-------------------------------------|----|----------|
| Beginning capital account           | \$ | 192,686. |
| Capital contributed during the year | \$ |          |
| Current year increase (decrease)    | \$ | 61,456.  |
| Withdrawals and distributions       | \$ | 36,000.  |
| Ending capital account              | \$ | 218,142. |

- ☒ Tax basis ☐ GAAP ☐ Section 704(b) book
- ☐ Other (explain)

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits & credit recapture
2	Net rental real estate income (loss) 61,876.		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 20.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	-120.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	440.
12	Section 179 deduction	19	Distributions
		A	36,000.
13	Other deductions		
		20	Other information
		A	20.
14	Self-employment earnings (loss)		

\*See attached schedule for additional information.

FOR  
IRS  
USE  
ONLY



This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

<b>1 Ordinary business income (loss).</b> You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:	
Passive loss	Enter on See the Partner's Instructions
Passive income	Schedule E, line 28, column (g)
Nonpassive loss	Schedule E, line 28, column (h)
Nonpassive income	Schedule E, line 28, column (i)
<b>2 Net rental real estate income (loss)</b>	See the Partner's Instructions
<b>3 Other net rental income (loss)</b>	
Net income	Schedule E, line 28, column (g)
Net loss	See the Partner's Instructions
<b>4 Guaranteed payments</b>	Schedule E, line 28, column (i)
<b>5 Interest income</b>	Form 1040, line 8a
<b>6a Ordinary dividends</b>	Form 1040, line 9a
<b>6b Qualified dividends</b>	Form 1040, line 9b
<b>7 Royalties</b>	Schedule E, line 4
<b>8 Net short-term capital gain (loss)</b>	Schedule D, line 5, column (f)
<b>9a Net long-term capital gain (loss)</b>	Schedule D, line 12, column (f)
<b>9b Collectibles (28%) gain (loss)</b>	28% Rate Gain Worksheet, line 4 (Schedule D instructions)
<b>9c Unrecaptured section 1250 gain</b>	See the Partner's Instructions
<b>10 Net section 1231 gain (loss)</b>	See the Partner's Instructions
<b>11 Other income (loss)</b>	
<b>Code</b>	
<b>A Other portfolio income (loss)</b>	See the Partner's Instructions
<b>B Involuntary conversions</b>	See the Partner's Instructions
<b>C Section 1256 contracts and straddles</b>	Form 6781, line 1
<b>D Mining exploration costs recapture</b>	See Pub 535
<b>E Cancellation of debt</b>	Form 1040, line 21 or Form 982
<b>F Other income (loss)</b>	See the Partner's Instructions
<b>12 Section 179 deduction</b>	See the Partner's Instructions
<b>13 Other deductions</b>	
<b>A Cash contributions (50%)</b>	Schedule A, line 15
<b>B Cash contributions (30%)</b>	Schedule A, line 15
<b>C Noncash contributions (50%)</b>	Schedule A, line 16
<b>D Noncash contributions (30%)</b>	Schedule A, line 16
<b>E Capital gain property to a 50% organization (30%)</b>	Schedule A, line 16
<b>F Capital gain property (20%)</b>	Schedule A, line 16
<b>G Deductions — portfolio (2% floor)</b>	Schedule A, line 22
<b>H Deductions — portfolio (other)</b>	Schedule A, line 27
<b>I Investment interest expense</b>	Form 4952, line 1
<b>J Deductions — royalty income</b>	Schedule E, line 18
<b>K Section 59(e)(2) expenditures</b>	See Partner's Instructions
<b>L Amounts paid for medical insurance</b>	Schedule A, line 1 or Form 1040, line 31
<b>M Educational assistance benefits</b>	See the Partner's Instructions
<b>N Dependent care benefits</b>	Form 2441, line 12
<b>O Preproductive period expenses</b>	See the Partner's Instructions
<b>P Commercial revitalization deduction from rental real estate activities</b>	See Form 8582 Instructions
<b>Q Penalty on early withdrawal of savings</b>	Form 1040, line 33
<b>R Pensions and IRAs</b>	See the Partner's Instructions
<b>S Reforestation expense deduction</b>	See the Partner's Instructions
<b>T Other deductions</b>	See the Partner's Instructions
<b>14 Self-employment earnings (loss)</b>	
<b>Note:</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.	
<b>A Net earnings (loss) from self-employment</b>	Schedule SE, Section A or B
<b>B Gross farming or fishing income</b>	See the Partner's Instructions
<b>C Gross non-farm income</b>	See the Partner's Instructions
<b>15 Credits and credit recapture</b>	
<b>A Low-income housing credit (section 42(j)(5))</b>	Form 8586, line 5
<b>B Low-income housing credit (other)</b>	Form 8586, line 5
<b>C Qualified rehabilitation expenditures (rental real estate)</b>	Form 3468, line 1
<b>D Qualified rehabilitation expenditures (other than rental real estate)</b>	Form 3468, line 1
<b>E Basis of energy property</b>	Form 3468, line 2
<b>F Qualified timber property</b>	Form 3468, line 3
<b>G Other rental real estate credits</b>	See the Partner's Instructions
<b>H Other rental credits</b>	See the Partner's Instructions

<b>Code</b>	<b>Enter on</b>
<b>I Undistributed capital gains credit</b>	Form 1040, line 69, box a
<b>J Work opportunity credit</b>	Form 5884, line 3
<b>K Welfare-to-work credit</b>	Form 8861, line 3
<b>L Disabled access credit</b>	Form 8826, line 7
<b>M Empowerment zone and renewal community employment credit</b>	Form 8844, line 3
<b>N New York Liberty Zone business employee credit</b>	Form 8884, line 3
<b>O New markets credit</b>	Form 8874, line 2
<b>P Credit for employer's social security and Medicare taxes</b>	Form 8846, line 5
<b>Q Backup withholding</b>	Form 1040, line 63
<b>R Recapture of low-income housing credit (section 42(j)(5))</b>	Form 8611, line 8
<b>S Recapture of low-income housing credit (other)</b>	Form 8611, line 8
<b>T Recapture of investment credit</b>	See Form 4255
<b>U Other credits</b>	See the Partner's Instructions
<b>V Recapture of other credits</b>	See the Partner's Instructions
<b>16 Foreign transactions</b>	
<b>A Name of country or U.S. possession</b>	Form 1116, Part I
<b>B Gross income from all sources</b>	Form 1116, Part I
<b>C Gross income sourced at partner level</b>	Form 1116, Part I
<b>Foreign gross income sourced at partnership level</b>	
<b>D Passive</b>	Form 1116, Part I
<b>E Listed categories</b>	Form 1116, Part I
<b>F General limitation</b>	Form 1116, Part I
<b>Deductions allocated and apportioned at partnership level</b>	
<b>G Interest expense</b>	Form 1116, Part I
<b>H Other</b>	Form 1116, Part I
<b>Deductions allocated and apportioned at partnership level to foreign source income</b>	
<b>I Passive</b>	Form 1116, Part I
<b>J Listed categories</b>	Form 1116, Part I
<b>K General limitation</b>	Form 1116, Part I
<b>Other information</b>	
<b>L Total foreign taxes paid</b>	Form 1116, Part II
<b>M Total foreign taxes accrued</b>	Form 1116, Part II
<b>N Reduction in taxes available for credit</b>	Form 1116, line 12
<b>O Foreign trading gross receipts</b>	Form 8873
<b>P Extraterritorial income exclusion</b>	Form 8873
<b>Q Other foreign transactions</b>	See the Partner's Instructions
<b>17 Alternative minimum tax (AMT) items</b>	
<b>A Post-1986 depreciation adjustment</b>	See the Partner's Instructions and the instructions for Form 6251
<b>B Adjusted gain or loss</b>	
<b>C Depletion (other than oil &amp; gas)</b>	
<b>D Oil, gas, &amp; geothermal properties — gross income</b>	
<b>E Oil, gas, &amp; geothermal properties — deductions</b>	
<b>F Other AMT items</b>	
<b>18 Tax-exempt income and nondeductible expenses</b>	
<b>A Tax-exempt interest income</b>	Form 1040, line 8b
<b>B Other tax-exempt income</b>	See the Partner's Instructions
<b>C Nondeductible expenses</b>	See the Partner's Instructions
<b>19 Distributions</b>	
<b>A Cash and marketable securities</b>	See the Partner's Instructions
<b>B Other property</b>	See the Partner's Instructions
<b>20 Other information</b>	
<b>A Investment income</b>	Form 4952, line 4a
<b>B Investment expenses</b>	Form 4952, line 5
<b>C Fuel tax credit information</b>	Form 4136
<b>D Look-back interest — completed long-term contracts</b>	See Form 8697
<b>E Look-back interest — income forecast method</b>	See Form 8866
<b>F Dispositions of property with section 179 deductions</b>	See the Partner's Instructions
<b>G Recapture of section 179 deductions</b>	
<b>H Special basis adjustments</b>	
<b>I Section 453(l)(3) information</b>	
<b>J Section 453A(c) information</b>	
<b>K Section 1260(b) information</b>	
<b>L Interest allocable to production expenditures</b>	
<b>M CCF nonqualified withdrawals</b>	
<b>N Information needed to figure depletion — oil and gas</b>	
<b>O Amortization of Reforestation costs</b>	
<b>P Unrelated business taxable income</b>	
<b>Q Other information</b>	

6:39 A.M.

01/28/07

Accrual Basis

UNAUDITED  
**Austin & Austin Company**  
**Profit & Loss**  
 January through December 2004

Jan - Dec 04

**Ordinary Income/Expense****Income**

5000 · Rent	280,553.71
Interest Income	
5002 · First Morris Bank	39.25
Total Interest Income	39.25

Total Income	280,592.96
--------------	------------

**Expense****Administration**

Interest Expense	35.00
6002 · Management	36,000.00
6004 · Bookkeeping	4,188.25
6006 · Professional Fees	3,189.00
6008 · Telephone	367.05
6010 · Office Supplies & Expense	888.47
6012 · Postage	137.09
6014 · Bank Service Charge	55.93
6016 · Planning Board	2,245.00
6020 · Travel	477.54
Total Administration	47,583.33

**Insurance**

6802 · Property & Liability	5,615.00
6804 · Owners Life Insurance	879.00
Total Insurance	6,494.00

**Interest Expense**

6102 · Rub-A-Dub	4,166.04
6104 · Frank Stramaglia	307.36
6108 · Peter Austin	1,807.47
Total Interest Expense	6,280.87

**Maintenance & Repair**

6602 · Company	13,442.54
Total Maintenance & Repair	13,442.54

**Mortgage Interest**

6204 · First Morris Bank	2,879.27
Total Mortgage Interest	2,879.27

**Taxes**

6302 · Property Tax	47,853.33
Total Taxes	47,853.33

**Utilities**

6402 · Water	2,758.49
6404 · Sewer	8,619.42
6406 · Electric	2,059.53
6408 · Gas	1,744.45
6410 · Fire Service	1,283.94
6412 · Trash Collection	1,805.00

Total Utilities	18,270.83
-----------------	-----------

6018 · Storage	816.00
6021 · Advertising	365.52
6756 · Depreciation Expense	18,829.00

Total Expense	162,814.69
---------------	------------

Net Ordinary Income	117,778.27
---------------------	------------

**Other Income/Expense****Other Expense**

7000 · Suspense	0.00
-----------------	------

6:39 A: 1

01/28/07

Accrual Basis

**Austin & Austin Company**  
**Profit & Loss**  
January through December 2004

Jan - Dec 04

Total Other Expense	0.00
Net Other Income	0.00
Net Income	<u>117,778.27</u>

## Austin &amp; Austin Company

## Balance Sheet

UNAUDITED As of December 31, 2004

Dec 31, 04

## ASSETS

## Current Assets

## Checking/Savings

1000 · Commerce Checking

7,962.23

1003 · FMB - Money Market

10,490.86

Total Checking/Savings

18,453.09

## Accounts Receivable

1010 · Accounts Receivable

3,696.20

Total Accounts Receivable

3,696.20

Total Current Assets

22,149.29

## Fixed Assets

## Real Estate

## Cost Basis 1970

2020 · Land

27,741.00

2121 · Building

64,325.00

Total Cost Basis 1970

92,066.00

## Accumulated Depreciation

2023 · SL 25.0 yr

-64,325.00

Total Accumulated Depreciation

-64,325.00

## Improvements 1992

2041 · Cost

8,636.91

2043 · Depreciation SL MM 31.5 yr

-3,391.00

Total Improvements 1992

5,245.91

## Tank Removal 1992

2045 · Cost

54,009.24

2047 · Depreciation SL MM 20.0 yr

-32,276.57

Total Tank Removal 1992

21,732.67

## HVAC/VIP Carrier 1994

2049 · Cost

2,047.50

2051 · Depreciation SL MM 39.0 yr

-571.00

Total HVAC/VIP Carrier 1994

1,476.50

## Improvements 1995

2053 · Cost

5,459.00

2055 · Depreciation 200DB HY 7.0 yr

-5,459.00

Total Improvements 1995

0.00

## Tank Removal 1995

2057 · Cost

1,981.00

2059 · Depreciation SL MM 20.0 yr

-1,120.00

Total Tank Removal 1995

861.00

## Roof 1996

2061 · Cost

6,700.00

2063 · Depreciation SL MM 39.0 yr

-1,387.00

Total Roof 1996

5,313.00

## Improvements 1998

2065 · Cost

67,107.82

2067 · Depreciation SL MM 39.0 yr

-9,394.00

Total Improvements 1998

57,713.82

## Improvements 1999

2069 · Cost

91,901.21

2071 · Depreciation SL MM 39.0 yr

-12,860.00

Total Improvements 1999

79,041.21

## Improvements 2000

2073 · Cost

224,434.86

6:45 AM

01/28/07

Accrual Basis

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2004

	Dec 31, 04
2075 · Depreciation SL MM 39.0 yr	-18,943.00
Total Improvements 2000	205,491.86
Improvements 2001	
2077 · Cost	139,049.76
2079 · Depreciation SL MM 39.0 yr	-11,735.00
Total Improvements 2001	127,314.76
Improvements 2002	
2081 · Cost	14,892.09
2083 · Depreciation SL MM 39.0 yr	-971.00
Total Improvements 2002	13,921.09
Improvements 2003	
2085 · Cost	32,877.31
2087 · Depreciation	-1,300.00
Total Improvements 2003	31,577.31
Improvements 2004	
2088 · Cost	14,749.00
2089 · Depreciation	-142.00
Total Improvements 2004	14,607.00
Total Real Estate	592,037.13
Total Fixed Assets	592,037.13
Other Assets	
Legal Fee - Refinance 1986	
2104 · Cost	1,639.00
2106 · Amortization 19.0 yr	-1,634.00
Total Legal Fee - Refinance 1986	5.00
Office Equipment	
Dell Computer 020221	
2210 · Cost	1,297.44
2212 · Depreciation	-1,035.00
Total Dell Computer 020221	262.44
Disc Drive 010414	
2206 · Cost	216.14
2208 · Depreciation	-179.00
Total Disc Drive 010414	37.14
Cellphone 031101	
2234 · Cost	169.58
2236 · Depreciation	-118.00
Total Cellphone 031101	51.58
Dell Computer 030707	
2222 · Cost	1,073.78
2224 · Depreciation	-816.00
Total Dell Computer 030707	257.78
Scanner 030910	
2230 · Cost	188.87
2232 · Depreciation	-144.00
Total Scanner 030910	44.87
HP Printer 040517	
2237 · Cost	211.97
2238 · Accumulated Depreciation	-30.00
Total HP Printer 040517	181.97
Digital Camera 021121	
2214 · Cost	265.00

6:45 AM

01/28/07

Accrual Basis

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2004

	Dec 31, 04
2216 · Depreciation	-184.00
Total Digital Camera 021121	81.00
Shredder 030524	
2218 · Cost	111.81
2220 · Depreciation	-78.00
Total Shredder 030524	33.81
Fax 030826	
2226 · Cost	70.48
2228 · Depreciation	-53.00
Total Fax 030826	17.48
Total Office Equipment	968.07
Signage	
2108 · Cost	132.50
2110 · Depreciation	-212.00
Total Signage	-79.50
Total Other Assets	893.57
<b>TOTAL ASSETS</b>	<b>615,079.99</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3000 · Accounts Payable	8,888.43
Total Accounts Payable	8,888.43
Other Current Liabilities	
3002 · Rub-A-Dub Current Loan	7,188.25
Total Other Current Liabilities	7,188.25
Total Current Liabilities	16,076.68
Long Term Liabilities	
Loans Payable	
3003 · Peter Austin Amortized Loan	101,675.93
Total Loans Payable	101,675.93
Mortgages Payable	
First Morris Bank	
3502 · 10084002	6,763.29
3506 · 10084004	18,355.46
Total First Morris Bank	25,118.75
Total Mortgages Payable	25,118.75
Security Deposits Payable	
3603 · KidFit USA	5,053.00
3602 · New Image Cleaners	7,488.97
3604 · The Fish Market	3,200.00
3605 · Elite Photographers	4,266.66
3608 · Cardio Care Fitness Center	7,792.28
3610 · Mane Ambiance Hair Salon	3,328.00
3612 · Curves for Women	3,648.00
3614 · State Farm Insurance	4,402.67
3616 · Conroy's Florist	2,000.00
Total Security Deposits Payable	41,179.58
Total Long Term Liabilities	167,974.26
Total Liabilities	184,050.94

6:45 AM  
01/28/07  
Accrual Basis

**Austin & Austin Company**  
**Balance Sheet**  
As of December 31, 2004

	Dec 31, 04
Equity	
Capital Accounts	
Peter S. Austin	
4002 · Equity	122,661.23
4004 · Drawing	-36,000.00
Total Peter S. Austin	86,661.23
William E. Austin Trust	
4006 · Equity	122,661.23
4008 · Drawing	-36,000.00
Total William E. Austin Trust	86,661.23
Total Capital Accounts	173,322.46
4014 · Retained Earnings	139,928.32
Net Income	117,778.27
Total Equity	431,029.05
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>615,079.99</b>

Form 1065

**U.S. Return of Partnership Income**  
For calendar year 2003, or tax year beginning \_\_\_\_\_, 2003, and  
ending \_\_\_\_\_, 20 \_\_\_\_  
▶ See separate instructions.

OMB No. 1545-0099

**2003**Department of the Treasury  
Internal Revenue Service**A** Principal business activity**RENTAL REALTY****B** Principal product or service  
**RENTS****C** Business code number  
**531100**Use the  
IRS  
label.  
Other-  
wise,  
print  
or type.

Name of partnership

**PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR**

Number, street, and room or suite number. If a P.O. box, see instructions.

**P.O. BOX 9047**

City or town

**MORRISTOWN**

State ZIP code

**NJ 07963-9047****D** Employer identification  
number**59-2266760****E** Date business started**03/24/82****F** Total assets (see instrs)**\$ 600,979.****G** Check applicable boxes:(1) ☐

Initial return

(2) ☐

Final return

(3) ☐

Name change

(4) ☐

Address change

(5) ☐

Amended return

**H** Check accounting method:(1) ☒

Cash

(2) ☐

Accrual

(3) ☐

Other (specify) \_\_\_\_\_

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year \_\_\_\_\_**Caution:** Include *only* trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.**I  
N  
C  
O  
M  
E****1a** Gross receipts or sales**1a****b** Less returns and allowances**1b****1c****2** Cost of goods sold (Schedule A, line 8)**2****3** Gross profit. Subtract line 2 from line 1c**3****4** Ordinary income (loss) from other partnerships, estates, and trusts  
(attach schedule)**4****5** Net farm profit (loss) (attach Schedule F (Form 1040))**5****6** Net gain (loss) from Form 4797, Part II, line 18**6****7** Other income (loss)  
(attach schedule)**7****8** Total income (loss). Combine lines 3 through 7**8****D  
E  
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N  
S****9** Salaries and wages (other than to partners) (less employment credits)**9****10** Guaranteed payments to partners**10****11** Repairs and maintenance**11****12** Bad debts**12****13** Rent**13****14** Taxes and licenses**14****15** Interest**15****16a** Depreciation (if required, attach Form 4562)**16a****b** Less depreciation reported on Schedule A and elsewhere on return**16b****16c****17** Depletion (Do not deduct oil and gas depletion.)**17****18** Retirement plans, etc**18****19** Employee benefit programs**19****20** Other deductions  
(attach schedule)**20****21** Total deductions. Add the amounts shown in the far right column for lines 9 through 20**21****22** Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8**22****Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member

Date

May the IRS discuss this return  
with the preparer shown below  
(see instrs)? ☒ Yes ☐ No**Paid  
Preparer's  
Use Only**Preparer's  
signature

Date

**05/07/04**Check if self-  
employed ☐

Preparer's SSN or PTIN

**P00216551**Firm's name  
(or yours if  
self-employed),  
address, and  
ZIP code**HALL & HOLDEN P.C.****PO BOX 1427****WAITSFIELD****VT 05673**EIN **03-0349737**

Phone no.

**BAA** For Paperwork Reduction Act Notice, see separate instructions.

PTPA0112 08/25/03

Form 1065 (2003)



**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	<b>Total.</b> Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) \_\_\_\_\_

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐ Yes ☐ No

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☐ No

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If 'Yes,' attach explanation \_\_\_\_\_

**Schedule B Other Information**

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input checked="" type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other _____		
2	Are any partners in this partnership also partnerships?		X
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		X
4	Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If 'Yes,' see Designation of Tax Matters Partner below		X
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
	If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1		
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions	X	
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8	Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?		X
9	At any time during calendar year 2003, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country _____		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions		X
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described in the instructions under Elections Made By the Partnership		X
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return _____		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP \_\_\_\_\_ Identifying number of TMP \_\_\_\_\_

Address of designated TMP \_\_\_\_\_

**Schedule K Partners' Shares of Income, Credits, Deductions, etc**

	(a) Distributive share items	(b) Total amount
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities (page 1, line 22)	1
	2 Net income (loss) from rental real estate activities (attach Form 8825)	2
	3a Gross income from other rental activities	3a
	b Expenses from other rental activities (attach sch)	3b
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4 Portfolio income (loss) (attach Schedule D (Form 1065) for lines 4d and 4e)	
	a Interest income	4a
	b Dividends: (1) Qualified dividends (2) Total ordinary dividends	4b (2)
	c Royalty income	4c
	d Net short-term capital gain (loss): (1) post-May 5, 2003 (2) Entire year	4d (2)
	e Net long-term capital gain (loss): (1) post-May 5, 2003 (2) Entire year	4e (2)
f Other portfolio income (loss) (attach schedule)	4f	
5 Guaranteed payments to partners	5	
6a Net section 1231 gain (loss) (post-May 5, 2003) (attach Form 4797)	6a	
b Net section 1231 gain (loss) (entire year) (attach Form 4797)	6b	
7 Other income (loss)	7	
<b>Deductions</b>	8 Charitable contributions (attach schedule)	8
	9 Section 179 expense deduction (attach Form 4562)	9
	10 Deductions related to portfolio income (itemize)	10
	11 Other deductions	11
<b>Credits</b>	12a Low-income housing credit: (1) From partnerships to which section 42(j)(5) applies (2) Other than on line 12a(1)	12a (1)
	b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12a (2)
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12b
	d Credits related to other rental activities	12c
	13 Other credits	12d
<b>Investment Interest</b>	14a Interest expense on investment debts	13
	b (1) Investment income included on lines 4a, 4b(2), 4c, and 4f above (2) Investment expenses included on line 10 above	14a
		14b (1)
<b>Self-Employment</b>	15a Net earnings (loss) from self-employment	14b (2)
	b Gross farming or fishing income	15a
	c Gross nonfarm income	15b
<b>Adjustments and Tax Preference Items</b>	16a Depreciation adjustment on property placed in service after 1986	15c
	b Adjusted gain or loss	16a
	c Depletion (other than oil and gas)	16b
	d (1) Gross income from oil, gas, and geothermal properties (2) Deductions allocable to oil, gas, and geothermal properties	16c
	e Other adjmnts & tax pref items	16d (1)
		16d (2)
		16e
<b>Foreign Taxes</b>	17a Name of foreign country or U.S. possession	17b
	b Gross income from all sources	17c
	c Gross income sourced at partner level	
	d Foreign gross income sourced at partnership level: (1) Passive (2) Listed categories (attach sch) (3) General limitation	17d (3)
	e Deductions allocated and apportioned at partner level: (1) Interest expense (2) Other	17e (2)
	f Deductions allocated and apportioned at partnership level to foreign source income: (1) Passive (2) Listed categories (attach sch) (3) General limitation	17f (3)
	g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g
	h Reduction in taxes available for credit (attach schedule)	17h
		18b
		19
<b>Other</b>	18 Section 59(e)(2) expenditures: a Type b Amount	20
	19 Tax-exempt interest income	21
	20 Other tax-exempt income	22
	21 Nondeductible expenses	23
	22 Distributions of money (cash and marketable securities)	
	23 Distributions of property other than money	
24 Other items and amounts required to be reported separately to partners (attach schedule)		

BAA

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b						1	176,547.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners		106,273.					
b Limited partners							70,274.

**Note:** Schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered "Yes."

**Schedule L Balance Sheets per Books**

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		30,355.		4,181.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9a Buildings and other depreciable assets	756,738.		716,947.	
b Less accumulated depreciation	202,194.	554,544.	147,981.	568,966.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		27,741.		27,741.
12a Intangible assets (amortizable only)	1,639.		1,639.	
b Less accumulated amortization	1,462.	177.	1,548.	91.
13 Other assets (attach schedule)				
14 Total assets		612,817.		600,979.
<b>Liabilities and Capital</b>				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year		124,853.		
17 Other current liabilities (attach sch) Ln. 17 Stmt		5,523.		0.
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more		123,219.		166,089.
20 Other liabilities (attach schedule) Ln. 20 Stmt		31,522.		31,522.
21 Partners' capital accounts		327,700.		403,368.
22 Total liabilities and capital		612,817.		600,979.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

1 Net income (loss) per books	139,668.	6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):	
2 Income included on Schedule K, lines 1 through 4, 6b, and 7, not recorded on books this year (itemize):		a Tax-exempt interest	\$
3 Guaranteed pmts (other than health insurance)	36,000.	7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):		a Depreciation	\$
a Depreciation	\$	8 Add lines 6 and 7	
b Travel and entertainment	\$	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	176,547.
See Sch M-1, Line 4	879.		
5 Add lines 1 through 4	176,547.		

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year	327,700.	6 Distributions: a Cash	64,000.
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	139,668.	8 Add lines 6 and 7	64,000.
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	403,368.
5 Add lines 1 through 4	467,368.		

Form **8825****Rental Real Estate Income and Expenses of a Partnership or an S Corporation**

OMB No. 1545-1186

**2003**Department of the Treasury  
Internal Revenue Service

▶ See instructions.

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name

PETER S AND WILLIAM E AUSTIN, PTR

Employer identification number

59-2266760

1 Show the kind and location of each property. See page 2 for additional properties.

**A** COMMERCIAL PROPERTY, NEW JERSEY**B** \_\_\_\_\_**C** \_\_\_\_\_**D** \_\_\_\_\_

Rental Real Estate Income		Properties			
		A	B	C	D
2	Gross rents	279,927.			
<b>Rental Real Estate Expenses</b>					
3	Advertising				
4	Auto and travel	257.			
5	Cleaning and maintenance				
6	Commissions				
7	Insurance	5,481.			
8	Legal and other professional fees	4,197.			
9	Interest	14,129.			
10	Repairs	6,783.			
11	Taxes	33,077.			
12	Utilities	16,198.			
13	Wages and salaries				
14	Depreciation (see instructions)	19,241.			
15	Other (list) ▶ Telephone	628.			
	Office Supplies	599.			
	Bookkeeping and Accountin	1,276.			
	See Other Expenses Stmt	36,893.			
16	Total expenses for each property. Add lines 3 through 15	138,759.			
17	Total gross rents. Add gross rents from line 2, columns A through H			279,927.	
18	Total expenses. Add total expenses from line 16, columns A through H			-138,759.	
19	Net gain (loss) from Form 4797, Part II, line 18, from the disposition of property from rental real estate activities				
20 a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)				
b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:					
(1) Name		(2) Employer identification number			
_____		_____			
_____		_____			
_____		_____			
21	Net income (loss) from rental real estate activities. Combine lines 17 through 20a. Enter the result here and on:				
• Form 1065 or 1120S: Schedule K, line 2, or					
• Form 1065-B: Part I, line 4					
				141,168.	

BAA For Paperwork Reduction Act Notice, see the separate instructions.

Form 8825 (2003)

# Depreciation and Amortization (Including Information on Listed Property)

See separate instructions.  
Attach to your tax return.

2003

67

Department of the Treasury  
Internal Revenue Service

Name(s) shown on return

PETER S AND WILLIAM E AUSTIN, PTR

Business or activity to which this form relates

Identifying number  
59-2266760

Form 8825 COMMERCIAL PROPERTY, NEW JERSEY

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses	1	\$100,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$400,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2002 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2004. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	723.
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	0.

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)****Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2003	17	17,808.
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B - Assets Placed in Service During 2003 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property		666.	5.0 yrs	HY	200DB	133.
c 7-year property		56.	7.0 yrs	HY	200DB	8.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	06/03	32,877.	39 yrs	MM	S/L	457.
				MM	S/L	

**Section C - Assets Placed in Service During 2003 Tax Year Using the Alternative Depreciation System**

20 a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (see instructions)**

21	Listed property. Enter amount from line 28	21	112.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	19,241.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see instructions.

FDIZ0812 10/28/03

Form 4562 (2003)

**Part V****Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A – Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)****24a** Do you have evidence to support the business/investment use claimed? ☒ **Yes** ☐ **No** **24b** If "Yes," is the evidence written? ☒ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	85.
<b>26</b> Property used more than 50% in a qualified business use (see instructions):								
CELLULAR PHONE	10/06/99	100.00	138.	138.	7.00	200DB/HY	6.	
CELL PHONE	01/01/01	100.00	104.	104.	7.00	200DB/HY	9.	
CELL PHONE	11/01/03	100.00	170.	85.	7.00	200DB/HY	12.	
<b>27</b> Property used 50% or less in a qualified business use (see instructions):								
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	112.
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

**Section B – Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles – see instructions)												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven												
<b>33</b> Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>34</b> Was the vehicle available for personal use during off-duty hours?												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person?												
<b>36</b> Is another vehicle available for personal use?												

**Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (see instructions)		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2003 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2003 tax year					43
<b>44</b> Total. Add amounts in column (f). See instructions for where to report					44
					86.
					86.

**Sales of Business Property**  
 (Also Involuntary Conversions and Recapture Amounts  
 Under Sections 179 and 280F(b)(2))  
 ▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

**2003**

27

Name(s) shown on return

PETER S AND WILLIAM E AUSTIN, PTR.

Identifying number

59-2266760

1 Enter the gross proceeds from sales or exchanges reported to you for 2003 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year** (See instructions.)

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) for entire year. Subtract (f) from the sum of (d) and (e)	(h) Post-May 5, 2003, gain or (loss)* (see below)
	CELLULAR PHONE	10/06/99	10/31/03	0	101	138	-37	-37
	DISC DRIVE	11/09/99	10/31/03	0	159	180	-21	-21
	SCANNER	11/24/99	10/31/03	0	122	138	-16	-16
	See Add'l Line 2 Sales			0	1817	2439	-622	-622

3 Gain, if any, from Form 4684, line 39

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824

6 Gain, if any, from line 32, from other than casualty or theft

7 Combine lines 2 through 6 in columns (g) and (h). Enter the gain or (loss) here and on the appropriate line as follows

**Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below.

**All others.** If line 7, column (g) is zero or a loss, enter that amount on line 11 below and skip lines 8, 9, and 12. If line 7, column (g) is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)

9 Subtract line 8 from line 7. If line 9, column (g) is zero or less, enter -0- in column (g). If line 9, column (g) is more than zero, enter the amount from line 8, column (g) on line 12 below. If line 9, column (g), is more than zero, enter the amount from line 8, column (g) on line 12 below and include the gain or (loss) in each column of line 9 as a long-term capital gain or (loss) on Schedule D (see instructions)

\*Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain and the amount, if any, on line 8, column (g), does not equal or exceed the gain on line 7, column (g). Include in column (h) all gains and losses from column (g) from sales, exchanges, or conversions (including installment payments received) after May 5, 2003. However, do not include gain attributable to unrecaptured section 1250 gain.

**Part II Ordinary Gains and Losses**

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):


11 Loss, if any, from line 7, column (g)

12 Gain, if any, from line 7, column (g), or amount from line 8, column (g), if applicable

13 Gain, if any, from line 31

14 Net gain or (loss) from Form 4684, lines 31 and 38a

15 Ordinary gain from installment sales from Form 6252, line 25 or 36

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824

17 Recapture of section 179 expense deduction for partners and S corporation shareholders for property dispositions from 2002-2003 fiscal year partnerships and S corporations (see instructions)

18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows

a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed.

b For individual returns:

(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from Form 4797, line 18b(1). See instructions

(2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14

BAA For Paperwork Reduction Act Notice, see instructions.

**Schedule K-1**  
(Form 1065)

**Partner's Share of Income, Credits, Deductions, etc**

OMB No. 1545-0099

**2003**

Department of the Treasury  
Internal Revenue Service

For calendar year 2003 or tax year

beginning

, 2003, and ending

, 20

**Partner's identifying number** ▶ 141-24-0205

Partner's name, address, and ZIP code

Partner No: 1

PETER S AUSTIN  
2051 SWAINSON'S RUN  
NAPLES, FL 33942

**Partnership's identifying number** ▶ 59-2266760

Partnership's name, address, and ZIP code

PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 9047  
MORRISTOWN, NJ 07963-9047

**A** This partner is a ☒ general partner ☐ limited partner  
☐ limited liability company member

**B** What type of entity is this partner? ▶ **INDIVIDUAL**

**C** Is this partner a ☒ domestic or a ☐ foreign partner?

**D** Enter partner's % of: (i) Before change or termination (ii) End of year

Profit sharing	50.00000 %
Loss sharing	50.00000 %
Ownership of capital	50.00000 %

**E** IRS Center where partnership filed return: CINCINNATI, OH

**F** Partner's share of liabilities (see instructions):

Nonrecourse	\$	
Qualified nonrecourse financing	\$	83,044
Other	\$	15,761

**G** Tax shelter registration number ▶

**H** Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐

**I** Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

**J Analysis of partner's capital account:**

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
163,848.		69,834.	23,000.	210,682.

**(a) Distributive share item**

**(b) Amount**

**(c) 1040 filers enter the amount in column (b) on:**

<b>Income (Loss)</b>	<b>1</b> Ordinary income (loss) from trade or business activities	<b>1</b>		See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>2</b> Net income (loss) from rental real estate activities	<b>2</b>	70,584.	
	<b>3</b> Net income (loss) from other rental activities	<b>3</b>		
	<b>4</b> Portfolio income (loss):			
	<b>a</b> Interest income	<b>4a</b>	37.	Form 1040, line 8a
	<b>b(1)</b> Qualified dividends	<b>4b(1)</b>		Form 1040, line 9b
	<b>(2)</b> Total ordinary dividends	<b>4b(2)</b>		Form 1040, line 9a
	<b>c</b> Royalty income	<b>4c</b>		Schedule E, Part I, line 4
	<b>d(1)</b> Net short-term capital gain (loss) (post-May 5, 2003)	<b>4d(1)</b>		Schedule D, line 5, column (g)
	<b>(2)</b> Net short-term capital gain (loss) (entire year)	<b>4d(2)</b>		Schedule D, line 5, column (f)
	<b>e(1)</b> Net long-term capital gain (loss) (post-May 5, 2003)	<b>4e(1)</b>		Schedule D, line 12, column (g)
	<b>(2)</b> Net long-term capital gain (loss) (entire year)	<b>4e(2)</b>		Schedule D, line 12, column (f)
	<b>f</b> Other portfolio income (loss) (attach schedule)	<b>4f</b>		
<b>Deductions</b>	<b>5</b> Guaranteed payments to partner	<b>5</b>	36,000.	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>6a</b> Net section 1231 gain (loss) (post-May 5, 2003)	<b>6a</b>	-348.	
	<b>b</b> Net section 1231 gain (loss) (entire year)	<b>6b</b>	-348.	
	<b>7</b> Other income (loss) (attach schedule)	<b>7</b>		
	<b>8</b> Charitable contributions (see instructions) (attach schedule)	<b>8</b>		Schedule A, line 15 or 16
	<b>9</b> Section 179 expense deduction	<b>9</b>		
<b>Credits</b>	<b>10</b> Deductions related to portfolio income (attach schedule)	<b>10</b>		See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>11</b> Other deductions (attach schedule)	<b>11</b>		
	<b>12a</b> Low-income housing credit:			Form 8586, line 5
	<b>(1)</b> From section 42(j)(5) partnerships	<b>12a(1)</b>		
	<b>(2)</b> Other than on line 12a(1)	<b>12a(2)</b>		
	<b>b</b> Qualified rehabilitation expenditures related to rental real estate activities	<b>12b</b>		See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>c</b> Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	<b>12c</b>		
	<b>d</b> Credits related to other rental activities	<b>12d</b>		
	<b>13</b> Other credits	<b>13</b>		

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

PTPA0312 10/21/03

Schedule K-1 (Form 1065) 2003



(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b(2), 4c, and 4f	14b(1) 37.	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a 36,000.	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a -146.	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b -142.	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments and tax preference items (attach sch)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession		Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II Form 1116, line 12.	
h Reduction in taxes available for credit (attach schedule)	17h		
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21 439.	
	22 Distributions of money (cash and marketable securities)	22 23,000.	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8611, line 8
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed): Schedule K, line 16b, adj gain or loss - Post 5/5/03 portion		-142.

**Schedule K-1**  
**(Form 1065)**

Department of the Treasury  
Internal Revenue Service

**Partner's Share of Income, Credits, Deductions, etc**

OMB No. 1545-0099

**2003**

For calendar year 2003 or tax year

beginning

, 2003, and ending

, 20

**Partner's identifying number** ▶ 20-6076403

**Partnership's identifying number** ▶ 59-2266760

Partner's name, address, and ZIP code

Partner No: 2

Partnership's name, address, and ZIP code

WILLIAM AUSTIN TRUST  
149M AIRPORT ROAD  
WAITSFIELD, VT 05673

PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 9047  
MORRISTOWN, NJ 07963-9047

**A** This partner is a ☒ general partner ☐ limited partner  
☐ limited liability company member

**B** What type of entity is this partner? ▶ TRUST

**C** Is this partner a ☒ domestic or a ☐ foreign partner?

**D** Enter partner's % of: (i) Before change or termination (ii) End of year  
Profit sharing ..... % 50.00000 %  
Loss sharing ..... % 50.00000 %  
Ownership of capital ..... % 50.00000 %

**E** IRS Center where partnership filed return: CINCINNATI, OH

**F** Partner's share of liabilities (see instructions):

Nonrecourse ..... \$  
Qualified nonrecourse financing ..... \$ 83,045  
Other ..... \$ 15,761

**G** Tax shelter registration number ▶

**H** Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐

**I** Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

**J Analysis of partner's capital account:**

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
163,852		69,834	41,000	192,686

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2 70,584	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest income	4a 38	Form 1040, line 8a
	b (1) Qualified dividends	4b(1)	Form 1040, line 9b
	(2) Total ordinary dividends	4b(2)	Form 1040, line 9a
	c Royalty income	4c	Schedule E, Part I, line 4
	d (1) Net short-term capital gain (loss) (post-May 5, 2003)	4d(1)	Schedule D, line 5, column (g)
	(2) Net short-term capital gain (loss) (entire year)	4d(2)	Schedule D, line 5, column (f)
	e (1) Net long-term capital gain (loss) (post-May 5, 2003)	4e(1)	Schedule D, line 12, column (g)
	(2) Net long-term capital gain (loss) (entire year)	4e(2)	Schedule D, line 12, column (f)
	f Other portfolio income (loss) (attach schedule)	4f	
Deductions	5 Guaranteed payments to partner	5 0	See Partner's Instructions for Schedule K-1 (Form 1065).
	6a Net section 1231 gain (loss) (post-May 5, 2003)	6a -348	
	b Net section 1231 gain (loss) (entire year)	6b -348	
	7 Other income (loss) (attach schedule)	7	
	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
Credits	9 Section 179 expense deduction	9	See Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule)	10	
	11 Other deductions (attach schedule)	11	
	12a Low-income housing credit:		Form 8586, line 5
	(1) From section 42(j)(5) partnerships	12a(1)	
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

**BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.**

PTPA0312 10/21/03

Schedule K-1 (Form 1065) 2003

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1 See Partner's Instructions for Schedule K-1 (Form 1065).
	b (1) Investment income included on lines 4a, 4b(2), 4c, and 4f	14b(1) 38.	
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B See Partner's Instructions for Schedule K-1 (Form 1065).
	b Gross farming or fishing income	15b	
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a -146.	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b -142.	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments and tax preference items (attach sch)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession	17a	Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
	(2) Listed categories (attach schedule)	17f(2)	
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II Form 1116, line 12.	
h Reduction in taxes available for credit (attach schedule)	17h		
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	
	21 Nondeductible expenses	21 440.	See Partner's Instructions for Schedule K-1 (Form 1065).
	22 Distributions of money (cash and marketable securities)	22 41,000.	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8611, line 8
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed): Schedule K, line 16b, adj gain or loss - Post 5/5/03 portion		-142.

Form 1065, Schedule M-1, Line 4

**Sch M-1, Line 4**

INSURANCE - OWNERS LIFE I	879.
Total	879.

Form 1065, Schedule L, Line 17

**Other Current Liabilities**

Other Current Liabilities (itemize):	Beginning of tax year	End of tax year
Credit card payable	5,523.	0.
Total	5,523.	0.

Form 1065, Schedule L, Line 20

**Other Liabilities**

Other Liabilities (itemize):	Beginning of tax year	End of tax year
Security Deposits	31,522.	31,522.
Total	31,522.	31,522.

Form 8825, Page 1, Line 15

**Other Expenses Stmt**

Other (list) ▶				
Storage	807.			
Amortization	86.			
Management	36,000.			
Total	36,893.			

Form 4797, Page 1, Line 2

**Add'l Line 2 Sales**

Description of property		(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)	(h) Post-May 5, 2003 gain or (loss)*
(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)					
COMPUTER 2000						
02/01/00	10/31/03	0.	1655	2151	-496	-496
CELL PHONE						
01/01/01	10/31/03	0	49	104	-55	-55
FAX MACHINE						
01/28/01	10/31/03	0	91	148	-57	-57

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01/28/07

Accrual Basis

UNAUDITED  
**Austin & Austin Company**  
**Profit & Loss**  
 January through December 2003

Jan - Dec 03

**Ordinary Income/Expense****Income**

5000 · Rent	281,028.08
Interest Income	
5002 · First Morris Bank	75.08
Total Interest Income	75.08

Total Income	281,103.16
--------------	------------

**Expense****Administration**

6002 · Management	37,385.50
6004 · Bookkeeping	1,276.00
6006 · Professional Fees	2,355.00
6008 · Telephone	555.69
6010 · Office Supplies & Expense	351.71
6012 · Postage	185.79
6014 · Bank Service Charge	61.36
6016 · Planning Board	1,842.00
6020 · Travel	256.92
6022 · Bad Debts	222.96
6024 · Loss from disposal of assets	696.22

Total Administration	45,189.15
----------------------	-----------

**Insurance**

6802 · Property & Liability	5,976.00
6804 · Owners Life Insurance	879.00

Total Insurance	6,855.00
-----------------	----------

**Interest Expense**

6102 · Rub-A-Dub	5,250.47
6104 · Frank Stramaglia	2,122.99
6106 · Bank of America	64.02

Total Interest Expense	7,437.48
------------------------	----------

**Maintenance & Repair**

6602 · Company	5,247.00
6604 · Tenant	150.00

Total Maintenance & Repair	5,397.00
----------------------------	----------

**Mortgage Interest**

6204 · First Morris Bank	6,691.29
--------------------------	----------

Total Mortgage Interest	6,691.29
-------------------------	----------

**Taxes**

6302 · Property Tax	33,076.53
---------------------	-----------

Total Taxes	33,076.53
-------------	-----------

**Utilities**

6402 · Water	3,513.55
6404 · Sewer	9,552.75
6406 · Electric	1,518.17
6408 · Gas	372.84
6410 · Fire Service	1,270.65
6412 · Trash Collection	166.43

Total Utilities	16,394.39
-----------------	-----------

6018 · Storage	807.00
----------------	--------

6756 · Depreciation Expense	19,327.00
-----------------------------	-----------

Total Expense	141,174.84
---------------	------------

Net Ordinary Income	139,928.32
---------------------	------------

**Other Income/Expense****Other Expense**

7000 · Suspense	0.00
-----------------	------

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Accrual Basis

**Austin & Austin Company**  
**Profit & Loss**  
January through December 2003

Jan - Dec 03

Total Other Expense	0.00
Net Other Income	0.00
Net Income	<u>139,928.32</u>

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Accrual Basis

## Austin &amp; Austin Company

UNAUDITED

## Balance Sheet

As of December 31, 2003

Dec 31, 03

## ASSETS

## Current Assets

## Checking/Savings

1001 · FMB Checking

1,478.29

1003 · FMB - Money Market

2,702.94

Total Checking/Savings

4,181.23

## Accounts Receivable

1010 · Accounts Receivable

741.93

Total Accounts Receivable

741.93

Total Current Assets

4,923.16

## Fixed Assets

## Real Estate

## Cost Basis 1970

2020 · Land

27,741.00

2121 · Building

64,325.00

Total Cost Basis 1970

92,066.00

## Accumulated Depreciation

2023 · SL 25.0 yr

-64,325.00

Total Accumulated Depreciation

-64,325.00

## Improvements 1992

2041 · Cost

8,636.91

2043 · Depreciation SL MM 31.5 yr

-3,121.00

Total Improvements 1992

5,515.91

## Tank Removal 1992

2045 · Cost

54,009.24

2047 · Depreciation SL MM 20.0 yr

-29,495.57

Total Tank Removal 1992

24,513.67

## HVAC/VIP Carrier 1994

2049 · Cost

2,047.50

2051 · Depreciation SL MM 39.0 yr

-519.00

Total HVAC/VIP Carrier 1994

1,528.50

## Improvements 1995

2053 · Cost

5,459.00

2055 · Depreciation 200DB HY 7.0 yr

-5,459.00

Total Improvements 1995

0.00

## Tank Removal 1995

2057 · Cost

1,981.00

2059 · Depreciation SL MM 20.0 yr

-964.00

Total Tank Removal 1995

1,017.00

## Roof 1996

2061 · Cost

6,700.00

2063 · Depreciation SL MM 39.0 yr

-1,213.00

Total Roof 1996

5,487.00

## Improvements 1998

2065 · Cost

67,107.82

2067 · Depreciation SL MM 39.0 yr

-7,673.00

Total Improvements 1998

59,434.82

## Improvements 1999

2069 · Cost

91,901.21

2071 · Depreciation SL MM 39.0 yr

-10,504.00

Total Improvements 1999

81,397.21

## Improvements 2000

2073 · Cost

224,434.86

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2003

	Dec 31, 03
2075 · Depreciation SL MM 39.0 yr	-13,188.00
Total Improvements 2000	211,246.86
Improvements 2001	
2077 · Cost	139,049.76
2079 · Depreciation SL MM 39.0 yr	-8,170.00
Total Improvements 2001	130,879.76
Improvements 2002	
2081 · Cost	14,892.09
2083 · Depreciation SL MM 39.0 yr	-589.00
Total Improvements 2002	14,303.09
Improvements 2003	
2085 · Cost	32,877.31
2087 · Depreciation	-457.00
Total Improvements 2003	32,420.31
Total Real Estate	595,485.13
Total Fixed Assets	595,485.13
Other Assets	
Legal Fee - Refinance 1986	
2104 · Cost	1,639.00
2106 · Amortization 19.0 yr	-1,548.00
Total Legal Fee - Refinance 1986	91.00
Office Equipment	
Dell Computer 020221	
2210 · Cost	1,297.44
2212 · Depreciation	-861.00
Total Dell Computer 020221	436.44
Disc Drive 010414	
2206 · Cost	216.14
2208 · Depreciation	-154.00
Total Disc Drive 010414	62.14
Cellphone 031101	
2234 · Cost	169.58
2236 · Depreciation	-97.00
Total Cellphone 031101	72.58
Dell Computer 030707	
2222 · Cost	1,073.78
2224 · Depreciation	-644.00
Total Dell Computer 030707	429.78
Scanner 030910	
2230 · Cost	188.87
2232 · Depreciation	-114.00
Total Scanner 030910	74.87
Digital Camera 021121	
2214 · Cost	265.00
2216 · Depreciation	-151.00
Total Digital Camera 021121	114.00
Shredder 030524	
2218 · Cost	111.81
2220 · Depreciation	-64.00
Total Shredder 030524	47.81
Fax 030826	
2226 · Cost	70.48



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Accrual Basis

## Austin &amp; Austin Company

## Balance Sheet

As of December 31, 2003

	Dec 31, 03
2228 · Depreciation	-42.00
Total Fax 030826	28.48
Total Office Equipment	1,266.10
Signage	
2108 · Cost	132.50
2110 · Depreciation	-176.00
Total Signage	-43.50
Total Other Assets	1,313.60
<b>TOTAL ASSETS</b>	<b>601,721.89</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3000 · Accounts Payable	859.55
Total Accounts Payable	859.55
Total Current Liabilities	859.55
Long Term Liabilities	
Loans Payable	
3004 · Rub-A-Dub Amortized Loan	94,776.06
3006 · Frank Stramaglia Amortized Loan	11,637.44
Total Loans Payable	106,413.50
Mortgages Payable	
First Morris Bank	
3502 · 10084002	16,599.84
3504 · 10084003	19,712.85
3506 · 10084004	23,363.07
Total First Morris Bank	59,675.76
Total Mortgages Payable	59,675.76
Security Deposits Payable	
3602 · New Image Cleaners	7,488.97
3604 · The Fish Market	3,200.00
3606 · Conroy's Bridal Showcase	3,626.66
3608 · Cardio Care Fitness Center	3,828.00
3610 · Mane Ambiance Hair Salon	3,328.00
3612 · Curves for Women	3,648.00
3614 · State Farm Insurance	4,402.67
3616 · Conroy's Florist	2,000.00
Total Security Deposits Payable	31,522.30
Total Long Term Liabilities	197,611.56
Total Liabilities	198,471.11
Equity	
Capital Accounts	
Peter S. Austin	
4002 · Equity	140,661.23
Total Peter S. Austin	140,661.23
William E. Austin Trust	
4006 · Equity	122,661.23
Total William E. Austin Trust	122,661.23
Total Capital Accounts	263,322.46
Net Income	139,928.32

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Accrual Basis

# Austin & Austin Company

## Balance Sheet

As of December 31, 2003

Dec 31, 03

Total Equity

403,250.78

TOTAL LIABILITIES & EQUITY

601,721.89

Form **1065** Department of the Treasury Internal Revenue Service **U.S. Return of Partnership Income** **2002**

See separate instructions.

IRS use only — Do not write or staple in this space.

For calendar year 2002, or tax year beginning , 2002, and ending , 20 OMB No. 1545-0099

<b>A</b> Principal business activity  RENTAL REALTY	<b>Use the IRS label. Otherwise, print or type.</b>	Name of partnership PETER S AND WILLIAM E AUSTIN, PTR PETER S AUSTIN, GEN PTR		<b>D</b> Employer identification number 59-2266760
<b>B</b> Principal product or service RENTS		Number, street, and room or suite number. If a P.O. box, see instructions. P.O. BOX 29		<b>E</b> Date business started 03/24/82
<b>C</b> Business code number 531100		City or town MORRIS PLAINS	State ZIP code NJ 07950-0029	<b>F</b> Total assets (see instructions) \$ 612,817.

**G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return

**H** Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) \_\_\_\_\_

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year \_\_\_\_\_ **2**

**Caution:** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>INCOME</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>	
	<b>b</b> Less returns and allowances	<b>1b</b>	<b>1c</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8)		<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c		<b>3</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)		<b>4</b>
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))		<b>5</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 18		<b>6</b>
	<b>7</b> Other income (loss) (attach schedule)		<b>7</b>
	<b>8</b> Total income (loss). Combine lines 3 through 7		<b>8</b>
<b>SEE INSTRUCTIONS FOR LIMITATIONS DEDUCTIONS</b>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)		<b>9</b>
	<b>10</b> Guaranteed payments to partners		<b>10</b>
	<b>11</b> Repairs and maintenance		<b>11</b>
	<b>12</b> Bad debts		<b>12</b>
	<b>13</b> Rent		<b>13</b>
	<b>14</b> Taxes and licenses		<b>14</b>
	<b>15</b> Interest		<b>15</b>
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>	
	<b>b</b> Less depreciation reported on Schedule A and elsewhere on return	<b>16b</b>	<b>16c</b>
	<b>17</b> Depletion (Do not deduct oil and gas depletion.)		<b>17</b>
	<b>18</b> Retirement plans, etc		<b>18</b>
	<b>19</b> Employee benefit programs		<b>19</b>
	<b>20</b> Other deductions (attach schedule)		<b>20</b>
	<b>21</b> Total deductions. Add the amounts shown in the far right column for lines 9 through 20		<b>21</b>
	<b>22</b> Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8		<b>22</b>

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date 3/17/03 Check if self-employed ☐

Firm's name (or yours if self-employed), address, and ZIP code  
 HALL & HOLDEN, P.C.  
 P.O. BOX 1427  
 WAITSFIELD VT 05673

Preparer's SSN or PTIN  
P00216550

EIN **03-0349737**

Phone no. \_\_\_\_\_

BAA For Paperwork Reduction Act Notice, see separate instructions.

PTPA0112 12/27/02

Form 1065 (2002)

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year .....	1	
2	Purchases less cost of items withdrawn for personal use .....	2	
3	Cost of labor .....	3	
4	Additional section 263A costs (attach schedule) .....	4	
5	Other costs (attach schedule) .....	5	
6	<b>Total.</b> Add lines 1 through 5 .....	6	
7	Inventory at end of year .....	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2 .....	8	

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3  
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4  
 (iii) ☐ Other (specify method used and attach explanation) .....

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) .....

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) .....

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? .....

<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? .....

If 'Yes,' attach explanation .....

**Schedule B Other Information**

	Yes	No
1. What type of entity is filing this return? Check the applicable box: a <input checked="" type="checkbox"/> Domestic general partnership      b <input type="checkbox"/> Domestic limited partnership c <input type="checkbox"/> Domestic limited liability company      d <input type="checkbox"/> Domestic limited liability partnership e <input type="checkbox"/> Foreign partnership      f <input type="checkbox"/> Other .....		
2. Are any partners in this partnership also partnerships? .....		X
3. During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' see instructions for required attachment .....		X
4. Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If 'Yes,' see <b>Designation of Tax Matters Partner</b> below .....		X
5. Does this partnership meet <b>all three</b> of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; <b>and</b> c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1 .....	X	
6. Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions .....		X
7. Is this partnership a publicly traded partnership as defined in section 469(k)(2)? .....		X
8. Has this partnership filed, or is it required to file, <b>Form 8264</b> , Application for Registration of a Tax Shelter? .....		X
9. At any time during calendar year 2002, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country .....		X
10. During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions .....		X
11. Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described in the instructions under <b>Elections Made By the Partnership</b> .....		X
12. Enter the number of <b>Forms 8865</b> , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return .....		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP .....

Identifying number of TMP .....

Address of designated TMP .....

**Schedule K Partners' Shares of Income, Credits, Deductions, etc**

(a) Distributive share items		(b) Total amount	
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 22)	1	
	2 Net income (loss) from rental real estate activities (attach Form 8825)	2	108,704.
	3a Gross income from other rental activities	3a	
	3b Expenses from other rental activities (attach sch)	3b	
	3c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4 Portfolio income (loss): a Interest income	4a	170.
	b Ordinary dividends	4b	
	c Royalty income	4c	
	d Net short-term capital gain (loss) (attach Schedule D (Form 1065))	4d	
	e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))	4e (1)	
	(2) 28% rate gain (loss)		
	(3) Qualified 5-year gain		
	f Other portfolio income (loss) (attach schedule)	4f	
5 Guaranteed payments to partners	5	36,000.	
6 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	6		
7 Other income (loss)	7		
Deductions	8 Charitable contributions (attach schedule)	8	
	9 Section 179 expense deduction (attach Form 4562)	9	
	10 Deductions related to portfolio income (itemize)	10	
	11 Other deductions	11	
Credits	12a Low-income housing credit:		
	(1) From partnerships to which section 42(j)(5) applies	12a (1)	
	(2) Other than on line 12a(1)	12a (2)	
	b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12b	
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
13 Other credits	13		
Investment Interest	14a Interest expense on investment debts	14a	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	14b (1)	170.
	(2) Investment expenses included on line 10 above	14b (2)	
Self-Employment	15a Net earnings (loss) from self-employment	15a	36,000.
	b Gross farming or fishing income	15b	
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	52.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d (1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d (2)	
	e Other adjmnts & tax pref items PRE87 ACCEL DEPR REAL/LEASED PROP	16e	0.
Foreign Taxes	17a Name of foreign country or U.S. possession		
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive (2) Listed categories (attach sch) (3) General limitation	17d (3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense (2) Other	17e (2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive (2) Listed categories (attach sch) (3) General limitation	17f (3)	
	g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	
h Reduction in taxes available for credit (attach schedule)	17h		
Other	18 Section 59(e)(2) expenditures: a Type b Amount	18b	
	19 Tax-exempt interest income	19	
	20 Other tax-exempt income	20	
	21 Nondeductible expenses	21	879.
	22 Distributions of money (cash and marketable securities)	22	39,000.
	23 Distributions of property other than money	23	39,000.
	24 Other items and amounts required to be reported separately to partners (attach schedule)		

BAA

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b					1	144,874.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners		90,437.				54,437.
b Limited partners						

**Note:** schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered 'Yes.'

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			3,583.		30,355.
2a Trade notes and accounts receivable					
b Less allowance for bad debts					
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach schedule)					
7 Mortgage and real estate loans					
8 Other investments (attach schedule)					
9a Buildings and other depreciable assets		740,019.		756,738.	
b Less accumulated depreciation		183,500.	556,519.	202,194.	554,544.
10a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)			27,741.		27,741.
12a Intangible assets (amortizable only)		1,639.		1,639.	
b Less accumulated amortization		1,376.	263.	1,462.	177.
13 Other assets (attach schedule)					
14 Total assets			588,106.		612,817.
Liabilities and Capital					
15 Accounts payable					
16 Mortgages, notes, bonds payable in less than 1 year			131,363.		124,853.
17 Other current liabilities (attach sch) Ln. 17 Stmt					5,523.
18 All nonrecourse loans					
19 Mortgages, notes, bonds payable in 1 year or more			132,974.		123,219.
20 Other liabilities (attach schedule) Ln. 20 Stmt			26,068.		31,522.
21 Partners' capital accounts			297,701.		327,700.
22 Total liabilities and capital			588,106.		612,817.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

1 Net income (loss) per books	107,995.	6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):	
2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize):		a Tax-exempt interest	\$
3 Guaranteed pmts (other than health insurance)	36,000.	7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):		a Depreciation	\$
a Depreciation	\$	8 Add lines 6 and 7	
b Travel and entertainment	\$	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
See Sch M-1, Line 4	879.		144,874.
5 Add lines 1 through 4	144,874.		

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year	297,701.	6 Distributions:	a Cash	39,000.
2 Capital contributed:			b Property	39,000.
a Cash		7 Other decreases (itemize):		
b Property		8 Add lines 6 and 7		78,000.
3 Net income (loss) per books	107,995.	9 Balance at end of year. Subtract line 8 from line 5		327,700.
4 Other increases (itemize):				
Rounding Variance	4.			
5 Add lines 1 through 4	405,700.			

Form 4562

Department of the Treasury  
Internal Revenue Service**Depreciation and Amortization**  
(Including Information on Listed Property)  
▶ See separate instructions.  
▶ Attach to your tax return.

OMB No. 1545-0172

**2002**

67

Name(s) shown on return

PETER S AND WILLIAM E AUSTIN, PTR

Identifying number

59-2266760

Business or activity to which this form relates

Form 8825 COMMERCIAL PROPERTY, NEW JERSEY

**Part I Election To Expense Certain Tangible Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses	1	\$24,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	549.
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	0.

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)****Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	17,651.
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B — Assets Placed in Service During 2002 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		1,093.	5.0 yrs	HY	200DB	219.
c 7-year property		185.	7.0 yrs	HY	200DB	26.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property	06/02	14,892.	39 yrs	MM	S/L	207.
				MM	S/L	

**Section C — Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20a Class life				S/L	
b 12-year			12 yrs	S/L	
c 40-year			40 yrs	MM	S/L

**Part IV Summary (see instructions)**

21	Listed property. Enter amount from line 28	21	42.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	18,694.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see instructions.

FDIZ0812 12/12/02

Form 4562 (2002)

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A – Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)**

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25		
26 Property used more than 50% in a qualified business use (see instructions):									
CELLULAR PHONE	10/06/99	100.00	138.	138.	7.00	200DB/HY	17.		
CELL PHONE	01/01/01	100.00	104.	104.	7.00	200DB/HY	25.		
27 Property used 50% or less in a qualified business use (see instructions):									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	42.	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29		

**Section B – Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles – see instructions)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (see instructions)		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
42 Amortization of costs that begins during your 2002 tax year (see instructions):						
43 Amortization of costs that began before your 2002 tax year					43	86.
44 Total. Add amounts in column (f). See instructions for where to report					44	86.



Form **8825****Rental Real Estate Income and Expenses of a Partnership or an S Corporation**

OMB No. 1545-1186

**2002**Department of the Treasury  
Internal Revenue Service▶ See instructions.  
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name

PETER S AND WILLIAM E AUSTIN, PTR

Employer identification number

59-2266760

1 Show the kind and location of each property. See page 2 for additional properties.

**A** COMMERCIAL PROPERTY, NEW JERSEY**B** -----**C** -----**D** -----

Rental Real Estate Income		Properties			
		A	B	C	D
<b>2</b> Gross rents .....	<b>2</b>	245,691.			
<b>Rental Real Estate Expenses</b>					
<b>3</b> Advertising .....	<b>3</b>				
<b>4</b> Auto and travel .....	<b>4</b>	341.			
<b>5</b> Cleaning and maintenance .....	<b>5</b>	7,255.			
<b>6</b> Commissions .....	<b>6</b>				
<b>7</b> Insurance .....	<b>7</b>	5,868.			
<b>8</b> Legal and other professional fees .....	<b>8</b>	3,075.			
<b>9</b> Interest .....	<b>9</b>	17,081.			
<b>10</b> Repairs .....	<b>10</b>	133.			
<b>11</b> Taxes .....	<b>11</b>	30,994.			
<b>12</b> Utilities .....	<b>12</b>	11,762.			
<b>13</b> Wages and salaries .....	<b>13</b>				
<b>14</b> Depreciation (see instructions) .....	<b>14</b>	18,694.			
<b>15</b> Other (list) ▶ <u>Telephone</u> .....	<b>15</b>	942.			
Office supplies and expen .....		3,337.			
Fire service .....		163.			
See Other Expenses Stmt .....		37,342.			
<b>16</b> Total expenses for each property. Add lines 3 through 15 .....	<b>16</b>	136,987.			
<b>17</b> Total gross rents. Add gross rents from line 2, columns A through H .....	<b>17</b>			245,691.	
<b>18</b> Total expenses. Add total expenses from line 16, columns A through H .....	<b>18</b>			-136,987.	
<b>19</b> Net gain (loss) from Form 4797, Part II, line 18, from the disposition of property from rental real estate activities .....	<b>19</b>				
<b>20 a</b> Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) .....	<b>20 a</b>				
<b>b</b> Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:					
(1) Name .....			(2) Employer identification number .....		
.....			.....		
.....			.....		
<b>21</b> Net income (loss) from rental real estate activities. Combine lines 17 through 20a. Enter result here and on:	<b>21</b>			108,704.	
• Form 1065 or 1120S: Schedule K, line 2, or .....					
• Form 1065-B: Part I, line 4 .....					

**BAA** For Paperwork Reduction Act Notice, see the separate instructions.

Form 8825 (2002)

**Schedule K-1**  
**(Form 1065)**

Department of the Treasury  
Internal Revenue Service

**Partner's Share of Income, Credits, Deductions, etc**

For calendar year 2002 or tax year

OMB No. 1545-0049

**2002**

beginning

, 2002, and ending

, 20

<b>Partner's identifying number</b> ▶ 141-24-0205 Partner's name, address, and ZIP code PETER S AUSTIN 2051 SWAINSON'S RUN NAPLES, FL 33942	<b>Partnership's identifying number</b> ▶ 59-2266760 Partnership's name, address, and ZIP code PETER S AND WILLIAM E AUSTIN, PTR PETER S AUSTIN, GEN PTR P.O. BOX 29 MORRIS PLAINS, NJ 07950-0029
<b>A</b> This partner is a <input checked="" type="checkbox"/> general partner <input type="checkbox"/> limited partner <input type="checkbox"/> limited liability company member <b>B</b> What type of entity is this partner? ▶ <b>INDIVIDUAL</b> <b>C</b> Is this partner a <input checked="" type="checkbox"/> domestic or a <input type="checkbox"/> foreign partner? <b>D</b> Enter partner's % of: (i) Before change or termination (ii) End of year Profit sharing ..... % 50.00000 % Loss sharing ..... % 50.00000 % Ownership of capital ..... % 50.00000 % <b>E</b> IRS Center where partnership filed return: CINCINNATI, OH	<b>F</b> Partner's share of liabilities (see instructions): Nonrecourse ..... \$ Qualified nonrecourse financing ..... \$ 124,036 Other ..... \$ 18,522 <b>G</b> Tax shelter registration number ..... <b>H</b> Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) <input type="checkbox"/> <b>I</b> Check applicable boxes: (1) <input type="checkbox"/> Final K-1 (2) <input type="checkbox"/> Amended K-1

<b>J Analysis of partner's capital account:</b>				
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
148,848.		54,000.	39,000.	163,848.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2 54,352.	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		Schedule B, Part I, line 1 Schedule B, Part II, line 5 Schedule E, Part I, line 4 Schedule D, line 5, column (f) Schedule D, line 12, column (f) Schedule D, line 12, column (g) Line 5 of worksheet for Sch. D, line 29 Enter on applicable line of your return
	a Interest	4a 85.	
	b Ordinary dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e (1) Net long-term capital gain (loss)	4e(1)	
	(2) 28% rate gain (loss)	4e(2)	
	(3) Qualified 5-year gain	4e(3)	
f Other portfolio income (loss) (attach schedule)	4f		
5 Guaranteed payments to partner	5 36,000.	See Partner's Instructions for Schedule K-1 (Form 1065).	
6 Net section 1231 gain (loss) (other than due to casualty or theft)	6		
7 Other income (loss) (attach schedule)	7	Enter on applicable line of your return	
Deductions	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	See Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule)	10	
	11 Other deductions (attach schedule)	11	
Credits	12a Low-income housing credit:		Form 8586, line 5
	(1) From section 42(j)(5) partnerships	12a(1)	
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

**BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.**

Schedule K-1 (Form 1065) 2002

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
<b>Investment Interest</b>	<b>14a</b> Interest expense on investment debts	<b>14a</b>	Form 4952, line 1
	<b>b (1)</b> Investment income included on lines 4a, 4b, 4c, and 4f	<b>14b(1)</b> 85.	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>(2)</b> Investment expenses included on line 10	<b>14b(2)</b>	
<b>Self-employment</b>	<b>15a</b> Net earnings (loss) from self-employment	<b>15a</b> 36,000.	Schedule SE, Section A or B
	<b>b</b> Gross farming or fishing income	<b>15b</b>	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>c</b> Gross nonfarm income	<b>15c</b>	
<b>Adjustments and Tax Preference Items</b>	<b>16a</b> Depreciation adjustment on property placed in service after 1986	<b>16a</b> 26.	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	<b>b</b> Adjusted gain or loss	<b>16b</b>	
	<b>c</b> Depletion (other than oil and gas)	<b>16c</b>	
	<b>d (1)</b> Gross income from oil, gas, and geothermal properties	<b>16d(1)</b>	
	<b>(2)</b> Deductions allocable to oil, gas, and geothermal properties	<b>16d(2)</b>	
	<b>e</b> Other adjustments & tax preference items (attach sch)	<b>16e</b> 0.	
<b>Foreign Taxes</b>	<b>17a</b> Name of foreign country or U.S. possession	<b>17a</b>	Form 1116, Part I
	<b>b</b> Gross income from all sources	<b>17b</b>	
	<b>c</b> Gross income sourced at partner level	<b>17c</b>	
	<b>d</b> Foreign gross income sourced at partnership level:		
	<b>(1)</b> Passive	<b>17d(1)</b>	
	<b>(2)</b> Listed categories (attach schedule)	<b>17d(2)</b>	
	<b>(3)</b> General limitation	<b>17d(3)</b>	
	<b>e</b> Deductions allocated and apportioned at partner level:		
	<b>(1)</b> Interest expense	<b>17e(1)</b>	
	<b>(2)</b> Other	<b>17e(2)</b>	
	<b>f</b> Deductions allocated and apportioned at partnership level to foreign source income:		
	<b>(1)</b> Passive	<b>17f(1)</b>	
<b>(2)</b> Listed categories (attach schedule)	<b>17f(2)</b>		
<b>(3)</b> General limitation	<b>17f(3)</b>		
<b>g</b> Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	<b>17g</b>	Form 1116, Part II	
<b>h</b> Reduction in taxes available for credit (attach schedule)	<b>17h</b>	Form 1116, line 12.	
<b>Other</b>	<b>18a</b> Section 59(e)(2) expenditures: <b>a</b> Type	<b>18a</b>	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>b</b> Amount	<b>18b</b>	
	<b>19</b> Tax-exempt interest income	<b>19</b>	Form 1040, line 8b
	<b>20</b> Other tax-exempt income	<b>20</b>	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>21</b> Nondeductible expenses	<b>21</b> 439.	
	<b>22</b> Distributions of money (cash and marketable securities)	<b>22</b> 39,000.	
	<b>23</b> Distributions of property other than money	<b>23</b>	
	<b>24</b> Recapture of low-income housing credit:		Form 8611, line 8
<b>a</b> From section 42(j)(5) partnerships	<b>24a</b>		
<b>b</b> Other than on line 24a	<b>24b</b>		
<b>Supplemental Information</b>	<b>25</b> Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	<b>LINE 16E - OTHER ADJ &amp; TAX PREF ITEMS:</b> <b>PRE87 ACCEL DEPR REAL/LEASED PROP</b> <b>TOTAL</b>		

**Schedule K-1**  
**(Form 1065)**

Department of the Treasury  
Internal Revenue Service

**Partner's Share of Income, Credits, Deductions, etc**

For calendar year 2002 or tax year

OMB No. 1545-0099

**2002**

beginning

, 2002, and ending

, 20

**Partner's identifying number** ▶ 03-6073100

**Partnership's identifying number** ▶ 59-2266760

Partner's name, address, and ZIP code

Partner No: 2

Partnership's name, address, and ZIP code

WILLIAM AUSTIN ESTATE  
119 RIVERVIEW ROAD  
WAITSFIELD, VT 05673

PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 29  
MORRIS PLAINS, NJ 07950-0029

**A** This partner is a ☒ general partner ☐ limited partner  
☐ limited liability company member

**B** What type of entity is this partner? ▶ ESTATE

**C** Is this partner a ☒ domestic or a ☐ foreign partner?

**D** Enter partner's % of: (i) Before change or termination (ii) End of year

Profit sharing .....	%	50.00000 %
Loss sharing .....	%	50.00000 %
Ownership of capital .....	%	50.00000 %

**E** IRS Center where partnership filed return: CINCINNATI, OH

**F** Partner's share of liabilities (see instructions):

Nonrecourse .....	\$	
Qualified nonrecourse financing .....	\$	124,036
Other .....	\$	18,523

**G** Tax shelter registration number ▶

**H** Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐

**I** Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

**J Analysis of partner's capital account:**

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
148,853.		53,999.	39,000.	163,852.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2 54,352.	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		Schedule B, Part I, line 1 Schedule B, Part II, line 5 Schedule E, Part I, line 4 Schedule D, line 5, column (f) Schedule D, line 12, column (f) Schedule D, line 12, column (g) Line 5 of worksheet for Sch D, line 29 Enter on applicable line of your return
	a Interest	4a 85.	
	b Ordinary dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e (1) Net long-term capital gain (loss)	4e(1)	
	(2) 28% rate gain (loss)	4e(2)	
	(3) Qualified 5-year gain	4e(3)	
	f Other portfolio income (loss) (attach schedule)	4f	See Partner's Instructions for Schedule K-1 (Form 1065).
	5 Guaranteed payments to partner	5	
	6 Net section 1231 gain (loss) (other than due to casualty or theft)	6	Enter on applicable line of your return
	7 Other income (loss) (attach schedule)	7	
Deductions	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	
	10 Deductions related to portfolio income (attach schedule)	10	See Partner's Instructions for Schedule K-1 (Form 1065).
	11 Other deductions (attach schedule)	11	
Credits	12a Low-income housing credit:		Form 8586, line 5
	(1) From section 42(j)(5) partnerships	12a(1)	
	(2) Other than on line 12a(1)	12a(2)	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4d	14b(1) 85.	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a 26.	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch)	16e 0.	SEE LINE 25
Foreign Taxes	17a Name of foreign country or U.S. possession	17a	Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II	
h Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.	
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21 440.	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23 39,000.	Form 8611, line 8
	24 Recapture of low-income housing credit:		
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 16E - OTHER ADJ & TAX PREF ITEMS: PRE87 ACCEL DEPR REAL/LEASED PROP TOTAL		0. 0.

Form 1065, Schedule M-1, Line 4

**Sch M-1, Line 4**

LIFE INSURANCE PREMIUMS 879.

Total 879.

Form 1065, Schedule L, Line 17

**Other Current Liabilities**

Other Current Liabilities (itemize):	Beginning of tax year	End of tax year
Loan - credit cards		5,523.
Total		5,523.

Form 1065, Schedule L, Line 20

**Other Liabilities**

Other Liabilities (itemize):	Beginning of tax year	End of tax year
Security deposits	26,068.	31,522.
Total	26,068.	31,522.

Form 8825, Page 1, Line 15

**Other Expenses Stmt**

Other (list) ▶				
Fees	1,237.			
Amortization	86.			
Management	36,000.			
Other Form 8825 Deduction	19.			
Total	37,342.			

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01/28/07

Accrual Basis

UNAUDITED

# 031031 Austin & Austin Profit & Loss January through December 2002

	Jan - Dec 02
Ordinary Income/Expense	
Income	
5000 · Rent	253,683.29
Interest Income	
5005 · First Morris	170.40
Total Interest Income	170.40
Total Income	253,853.69
Expense	
Admin	
Management	36,000.00
6700 · Bookkeeping	2,288.00
6706 · Professional Fees	3,075.00
6703 · Telephone	458.97
6708 · Office Supplies	315.82
6707 · Office Expense	358.53
6709 · Postage	207.70
6710 · Bank Charge	134.27
6712 · Plan Bd	1,236.93
6715 · Travel	340.61
6753 · Bad Debts	16,145.80
6702 · Cellular phone	502.13
6711 · Books	32.33
Total Admin	61,096.09
Interest Expense	
Rub-A-Dub	6,163.05
6723 · Frank Stramaglia	3,989.68
Bank of America	104.61
Total Interest Expense	10,257.34
Mortgage Interest	
6721 · First Morris	6,823.97
Total Mortgage Interest	6,823.97
Taxes	
6735 · Property	30,993.75
Total Taxes	30,993.75
Utilities	
6752 · Water	2,861.65
6751 · Sewer	5,891.88
6749 · Electric	1,682.83
6750 · Gas	295.91
Total Utilities	10,732.27
6719 · Maintenance	
Company	6,436.83
Tenant	312.00
6719 · Maintenance - Other	357.50
Total 6719 · Maintenance	7,106.33
6718 · Insurance	5,868.00
6730 · Owner Life Insurance	879.00
6733 · Repairs	132.50
6754 · Other Expense	19.00
6755 · Amortization	86.00
6756 · Depreciation	18,694.00
6999 · Uncategorized Expenses	0.00
Total Expense	152,688.25
Net Ordinary Income	101,165.44
Other Income/Expense	
Other Expense	

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01/28/07  
Accrual Basis

031031 Austin & Austin  
**Profit & Loss**  
January through December 2002

	Jan - Dec 02
Suspense	0.00
Total Other Expense	0.00
Net Other Income	0.00
Net Income	101,165.44



## 031031 Austin &amp; Austin

## Balance Sheet

As of December 31, 2002

UNAUDITED

Dec 31, 02

## ASSETS

## Current Assets

## Checking/Savings

1001 - FMB Checking

4,361.69

1003 - FMB Money Market

25,992.90

## Total Checking/Savings

30,354.59

## Accounts Receivable

1010 - Accounts Receivable

-135.96

## Total Accounts Receivable

-135.96

## Total Current Assets

30,218.63

## Fixed Assets

## Real Estate

## Morristown, New Jersey

## Cost Basis 1970

2020 - Land

27,741.00

2121 - Building

64,325.00

## Total Cost Basis 1970

92,066.00

## Accumulated Depreciation

2023 - SL 25.0 yr

-64,325.00

## Total Accumulated Depreciation

-64,325.00

## Improvements 1973

2025 - Cost

12,337.00

## Accumulated Depreciation

2027 - S/L 15 yr

-12,337.00

## Total Accumulated Depreciation

-12,337.00

## Total Improvements 1973

0.00

## Improvements 1981

2029 - Cost

18,928.00

## Accumulated Depreciation

2031 - PRE 15.0 yr

-18,928.00

## Total Accumulated Depreciation

-18,928.00

## Total Improvements 1981

0.00

## Improvements 1982

2035 - Cost

37,068.00

## Accumulated Depreciation

2037 - PRE 15.0 yr

-37,068.00

## Total Accumulated Depreciation

-37,068.00

## Total Improvements 1982

0.00

## Pavement 1982

2039 - Cost

450.00

## Accumulated Depreciation

2041 - S/L 5 yr

-450.00

## Total Accumulated Depreciation

-450.00

## Total Pavement 1982

0.00

## Improvements 1983

2043 - Cost

2,472.00

## Accumulated Depreciation

2045 - PRE 15.0 yr

-2,472.00

## Total Accumulated Depreciation

-2,472.00

## Total Improvements 1983

0.00

## Improvements 1992

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Accrual Basis

**031031 Austin & Austin**  
**Balance Sheet**  
 As of December 31, 2002

	Dec 31, 02
2051 · Depreciable Cost	8,636.91
Accumulated Depreciation	
2053 · SL MM 31.5 yr	-2,851.00
Total Accumulated Depreciation	-2,851.00
Total Improvements 1992	5,785.91
Tank Removal 1992	
2055 · Depreciable Cost	54,009.24
Accumulated Depreciation	
2057 · SL MM 20.0 yr	-26,714.57
Total Accumulated Depreciation	-26,714.57
Total Tank Removal 1992	27,294.67
HVAC/VIP Carrier 1994	
2059 · Depreciable Cost	2,047.50
Accumulated Depreciation	
2061 · SL MM 39.0 yr	-466.00
Total Accumulated Depreciation	-466.00
Total HVAC/VIP Carrier 1994	1,581.50
Improvements 1995	
2066 · Depreciable Cost	5,459.00
Accumulated Depreciation	
2068 · 200 DB HY 7.0 yr	-5,459.00
Total Accumulated Depreciation	-5,459.00
Total Improvements 1995	0.00
Tank Removal 1995	
2070 · Depreciable Cost	1,981.00
Accumulated Depreciation	
2072 · SL MM 20.0 yr	-807.00
Total Accumulated Depreciation	-807.00
Total Tank Removal 1995	1,174.00
Roof 1996	
2074 · Depreciable Cost	6,700.00
Accumulated Depreciation	
2075 · SL MM 39.0 yr	-1,040.00
Total Accumulated Depreciation	-1,040.00
Total Roof 1996	5,660.00
Improvements 1998	
2076 · Depreciable Cost	67,107.82
Accumulated Depreciation	
2077 · SL MM 39.0 yr	-5,952.00
Total Accumulated Depreciation	-5,952.00
Total Improvements 1998	61,155.82
Improvements 1999	
2087 · Depreciable Cost	91,901.21
Accumulated Depreciation	
2088 · SL MM 39.0 yr	-8,148.00
Total Accumulated Depreciation	-8,148.00
Total Improvements 1999	83,753.21
Improvements 2000	
2094 · Depreciable Cost	224,434.86
Accumulated Depreciation	

031031 Austin & Austin  
Balance Sheet  
As of December 31, 2002

	Dec 31, 02
2095 · SL MM 39.0 yr	-7,433.00
Total Accumulated Depreciation	-7,433.00
Total Improvements 2000	217,001.86
Improvements 2001	
2001 · Depreciable Cost	139,049.76
Accumulated Depreciation	
2003 · SL MM 39.0 yr	-4,605.00
Total Accumulated Depreciation	-4,605.00
Total Improvements 2001	134,444.76
Improvements 2002	
2004 · Depreciable Cost	15,040.49
Accumulated Depreciation	
2006 · SL MM 39.0 yr	-207.00
Total Accumulated Depreciation	-207.00
Total Improvements 2002	14,833.49
Legal Fee - Refinance 1986	
2047 · Depreciable Cost	1,639.00
Accumulated Amortization	
2049 · Amort 19.0 yr	-1,462.00
Total Accumulated Amortization	-1,462.00
Total Legal Fee - Refinance 1986	177.00
Signage 2002	
2008 · Depreciable Cost	265.00
2010 · Accumulated Depreciation	-223.00
Total Signage 2002	42.00
Total Morristown, New Jersey	580,645.22
Total Real Estate	580,645.22
Office Equipment	
Cellular Phone 1/1/01	
2098 · Cost	104.27
2099 · Accumulated Depreciation	-40.00
Total Cellular Phone 1/1/01	64.27
Cellular Phone 10/6/99	
2078 · Cost	137.79
Total Cellular Phone 10/6/99	137.79
Cellular Phone 12/01/97	
2086 · 200 DB HY 7.0 yr	-54.00
Total Cellular Phone 12/01/97	-54.00
Cellular Phone 1996	
Accumulated Depreciation	
2079 · 200 DB HY 7.0 yr	-41.00
Total Accumulated Depreciation	-41.00
Total Cellular Phone 1996	-41.00
Computer 2/1/00	
2096 · Depreciable Cost	2,151.03
2097 · Accumulated Depreciation	-1,531.00
Total Computer 2/1/00	620.03
Disc Drive 4/14/01	
2104 · Cost	216.14

## 031031 Austin &amp; Austin

## Balance Sheet

As of December 31, 2002

	Dec 31, 02
2105 · Accumulated Depreciation	-112.00
Total Disc Drive 4/14/01	104.14
Dell Computer 2/21/02	
Depreciable Cost	1,297.44
Total Dell Computer 2/21/02	1,297.44
Digital Camera 11/21/02	
Depreciable Cost	265.00
Total Digital Camera 11/21/02	265.00
Disc Drive 11/9/99	
2089 · Cost	180.19
2090 · Accumulated Depreciation	-149.00
Total Disc Drive 11/9/99	31.19
Fax 1/28/01	
2100 · Cost	148.39
2101 · Accumulated Depreciation	-77.00
Total Fax 1/28/01	71.39
Scanner 11/24/99	
2091 · Cost	137.77
2092 · Accumulated Depreciation	-114.00
Total Scanner 11/24/99	23.77
Shredder 2/26/01	
2102 · Cost	35.78
2103 · Accumulated Depreciation	-19.00
Total Shredder 2/26/01	16.78
2108 · Dell Computer	
2109 · Accumulated Depreciation	-571.00
Total 2108 · Dell Computer	-571.00
Total Office Equipment	1,965.80
Total Fixed Assets	582,611.02
<b>TOTAL ASSETS</b>	<b>612,829.65</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3000 · Accounts Payable	240.82
Total Accounts Payable	240.82
Credit Cards	
Bank of America	5,523.38
Total Credit Cards	5,523.38
Other Current Liabilities	
Peter Austin Loan	11,327.46
Total Other Current Liabilities	11,327.46
Total Current Liabilities	17,091.66
Long Term Liabilities	
Loans Payable	
3003 · Rub-A-Dub Loan	113,525.59
3511 · Frank Stramaglia	33,404.05
Total Loans Payable	146,929.64
Mortgages Payable	
First Morris Bank	

## 031031 Austin &amp; Austin

## Balance Sheet

As of December 31, 2002

	Dec 31, 02
3509 · 10084002	26,215.15
3512 · 10084003	34,439.59
3510 · 10084004	29,160.52
<b>Total First Morris Bank</b>	<b>89,815.26</b>
<b>Total Mortgages Payable</b>	<b>89,815.26</b>
<b>Security Deposits Payable</b>	
3501 · New Image Cleaners	7,488.97
3506 · The Fish Market	3,200.00
3508 · Conroy's Bridal Showcase	3,626.66
3507 · Cardio Care Fitness	3,828.00
3504 · Mane Ambiance	3,328.00
3502 · Curves for Women	3,648.00
3503 · State Farm Insurance	4,402.67
3505 · Conroy's Florist #8	2,000.00
<b>Total Security Deposits Payable</b>	<b>31,522.30</b>
<b>Total Long Term Liabilities</b>	<b>268,267.20</b>
<b>Total Liabilities</b>	<b>285,358.86</b>
<b>Equity</b>	
<b>Capital Accounts</b>	
<b>Peter S. Austin</b>	
4002 · Equity	152,152.68
4003 · Drawing	-39,000.00
<b>Total Peter S. Austin</b>	<b>113,152.68</b>
<b>William E. Austin</b>	
4005 · Equity	152,152.67
4006 · Drawing	-39,000.00
<b>Total William E. Austin</b>	<b>113,152.67</b>
<b>Total Capital Accounts</b>	<b>226,305.35</b>
<b>Net Income</b>	<b>101,165.44</b>
<b>Total Equity</b>	<b>327,470.79</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>612,829.65</b>

Form **1065** Department of the Treasury Internal Revenue Service **U.S. Return of Partnership Income** **2001**

▶ See separate instructions.

IRS use only — Do not write or staple in this space.

For calendar year 2001, or tax year beginning , 2001, and ending , 20 OMB No. 1545-0099

<b>A</b> Principal Business Activity <b>RENTAL REALTY</b>	<b>Use the IRS label. Otherwise, print or type.</b>	Name of Partnership <b>PETER S AND WILLIAM E AUSTIN, PTR</b>		<b>D</b> Employer Identification Number <b>59-2266760</b>
<b>B</b> Principal Product or Service <b>RENTS</b>		Number, Street, and Room or Suite Number. If a P.O. Box, See Instructions. <b>P.O. BOX 29</b>		<b>E</b> Date Business Started <b>03/24/82</b>
<b>C</b> Business Code Number <b>531100</b>		City or Town <b>MORRIS PLAINS</b>	State ZIP Code <b>NJ 07950-0029</b>	<b>F</b> Total Assets (see instrs) <b>\$ 588,106.</b>

**G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return

**H** Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year. ▶ **3**

**Caution:** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>INCOME</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>		
	<b>b</b> Less returns and allowances	<b>1b</b>		<b>1c</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8)			<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)			<b>4</b>
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 18			<b>6</b>
	<b>7</b> Other income (loss) (attach schedule)			<b>7</b>
	<b>8 Total income (loss).</b> Combine lines 3 through 7.			<b>8</b>
<b>SEE INSTRUCTIONS FOR DEDUCTIONS</b>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b>
	<b>10</b> Guaranteed payments to partners			<b>10</b>
	<b>11</b> Repairs and maintenance			<b>11</b>
	<b>12</b> Bad debts			<b>12</b>
	<b>13</b> Rent			<b>13</b>
	<b>14</b> Taxes and licenses			<b>14</b>
	<b>15</b> Interest			<b>15</b>
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>		
	<b>b</b> Less depreciation reported on Schedule A and elsewhere on return	<b>16b</b>		<b>16c</b>
	<b>17</b> Depletion (Do not deduct oil and gas depletion.)			<b>17</b>
	<b>18</b> Retirement plans, etc			<b>18</b>
	<b>19</b> Employee benefit programs			<b>19</b>
	<b>20</b> Other deductions (attach schedule)			<b>20</b>
	<b>21 Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.			<b>21</b>
	<b>22 Ordinary income (loss) from trade or business activities.</b> Subtract line 21 from line 8			<b>22</b>

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of General Partner or Limited Liability Company Member

Date

May the IRS discuss this return with the preparer shown below (see instrs)? ☐ Yes ☐ No

**Paid Preparer's Use Only**

Preparer's Signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's Name (or yours if self-employed), Address, and ZIP Code

**HALL & HOLDEN P.C.**  
**PO BOX 1427**  
**WAITSFIELD**

**VT 05673**

EIN

**03-0349737**

Phone No.

**(802) 496-3140**

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional Section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	<b>Total.</b> Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	

**9a** Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations Section 1.471-3  
 (ii) ☐ Lower of cost or market as described in Regulations Section 1.471-4  
 (iii) ☐ Other (specify method used and attach explanation) \_\_\_\_\_

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations Section 1.471-2(c) ☐c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐d Do the rules of Section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ Noe Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If 'Yes', attach explanation \_\_\_\_\_

**Schedule B Other Information**

	Yes	No
1. What type of entity is filing this return? Check the applicable box: a <input checked="" type="checkbox"/> Domestic general partnership      b <input type="checkbox"/> Domestic limited partnership c <input type="checkbox"/> Domestic limited liability company      d <input type="checkbox"/> Domestic limited liability partnership e <input type="checkbox"/> Foreign partnership      f <input type="checkbox"/> Other _____		
2. Are any partners in this partnership also partnerships?		X
3. During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations Sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		X
4. Is this partnership subject to the consolidated audit procedures of Sections 6221 through 6233? If 'Yes,' see <b>Designation of Tax Matters Partner</b> below		X
5. Does this partnership meet <b>all three</b> of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item J on Schedule K-1	X	
6. Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions		X
7. Is this partnership a publicly traded partnership as defined in Section 469(k)(2)?		X
8. Has this partnership filed, or is it required to file, <b>Form 8264, Application for Registration of a Tax Shelter</b> ?		X
9. At any time during calendar year 2001, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country _____		X
10. During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions.		X
11. Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under Section 754 by attaching the statement described in the instructions under <b>Elections Made by the Partnership</b>		X
12. Enter the number of Forms 8865 attached to this return _____		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of Designated TMP \_\_\_\_\_

Identifying Number of TMP \_\_\_\_\_

Address of Designated TMP \_\_\_\_\_

**Schedule K Partners' Shares of Income, Credits, Deductions, etc**

	(a) Distributive share items	(b) Total amount
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities (page 1, line 22)	1
	2 Net income (loss) from rental real estate activities (attach Form 8825)	2 67,383.
	3a Gross income from other rental activities	3a
	b Expenses from other rental activities (attach sch)	3b
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4 Portfolio income (loss): a Interest income	4a 41.
	b Ordinary dividends	4b
	c Royalty income	4c
	d Net short-term capital gain (loss) (attach Schedule D (Form 1065))	4d
	e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))	4e (1)
	(2) 28% rate gain (loss) (3) Qualified 5-year gain	
	f Other portfolio income (loss) (attach schedule)	4f
	5 Guaranteed payments to partners	5 16,000.
6 Net Section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	6	
7 Other income (loss)	7	
<b>Deductions</b>	8 Charitable contributions (attach schedule)	8
	9 Section 179 expense deduction (attach Form 4562)	9
	10 Deductions related to portfolio income (itemize)	10
	11 Other deductions	11
<b>Credits</b>	12a Low-income housing credit:	
	(1) From partnerships to which Section 42(j)(5) applies	12a (1)
	(2) Other than on line 12a(1)	12a (2)
	b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12b
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c
	d Credits related to other rental activities	12d
13 Other credits	13	
<b>Investment Interest</b>	14a Interest expense on investment debts	14a
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	14b (1) 41.
	(2) Investment expenses included on line 10 above	14b (2)
<b>Self-Employment</b>	15a Net earnings (loss) from self-employment	15a 16,000.
	b Gross farming or fishing income	15b
	c Gross nonfarm income	15c
<b>Adjustments and Tax Preference Items</b>	16a Depreciation adjustment on property placed in service after 1986	16a 426.
	b Adjusted gain or loss	16b
	c Depletion (other than oil and gas)	16c
	d (1) Gross income from oil, gas, and geothermal properties	16d (1)
	(2) Deductions allocable to oil, gas, and geothermal properties	16d (2)
	e Other adjmts & tax pref items PRE87, ACCEL DEPR, REAL/LEASED, PROP	16e 0.
<b>Foreign Taxes</b>	17a Name of foreign country or U.S. possession	
	b Gross income from all sources	17b
	c Gross income sourced at partner level	17c
	d Foreign gross income sourced at partnership level:	
	(1) Passive (2) Listed categories (attach sch) (3) General limitation	17d (3)
	e Deductions allocated and apportioned at partner level:	
	(1) Interest expense (2) Other	17e (2)
	f Deductions allocated and apportioned at partnership level to foreign source income:	
	(1) Passive (2) Listed categories (attach sch) (3) General limitation	17f (3)
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	
h Reduction in taxes available for credit (attach schedule)	17h	
<b>Other</b>	18 Section 59(e)(2) expenditures: a Type b Amount	18b
	19 Tax-exempt interest income	19
	20 Other tax-exempt income	20
	21 Nondeductible expenses	21 958.
	22 Distributions of money (cash and marketable securities)	22 22,000.
	23 Distributions of property other than money	23
	24 Other items and amounts required to be reported separately to partners (attach schedule)	



**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b.						1	83,424.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners		67,759.					15,665.
b Limited partners							

**Schedule L Balance Sheets per Books** (Not required if question 5 on Schedule B is answered 'Yes.')

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		7,183.		3,583.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9a Buildings and other depreciable assets	583,028.		740,019.	
b Less accumulated depreciation	171,917.	411,111.	183,500.	556,519.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		27,741.		27,741.
12a Intangible assets (amortizable only)	1,639.		1,639.	
b Less accumulated amortization	1,290.	349.	1,376.	263.
13 Other assets (attach schedule)				
14 Total assets		446,384.		588,106.
<b>Liabilities and Capital</b>				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year		732.		131,363.
17 Other current liabilities (attach sch)				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more		170,176.		132,974.
20 Other liabilities (attach schedule) Ln 20 Stmt		22,239.		26,068.
21 Partners' capital accounts		253,237.		297,701.
22 Total liabilities and capital		446,384.		588,106.

**Schedule M-1 Reconciliation of Income (Loss) per Books with Income (Loss) per Return** (Not required if question 5 on Schedule B is answered 'Yes.')

1 Net income (loss) per books	66,466.	6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):	
2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)	16,000.	7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):		a Depreciation \$	
a Depreciation \$		8 Add lines 6 and 7	
b Travel and entertainment \$ 79.		9 Income (loss) (Analysis of net income (loss), line 1). Subtract line 8 from line 5.	83,424.
See Sch M-1, Line 4 879.	958.		
5 Add lines 1 through 4	83,424.		

**Schedule M-2 Analysis of Partners' Capital Accounts** (Not required if question 5 on Schedule B is answered 'Yes.')

1 Balance at beginning of year	253,237.	6 Distributions: a Cash	22,000.
2 Capital contributed during year		b Property	
3 Net income (loss) per books	66,466.	7 Other decreases (itemize):	
4 Other increases (itemize):		Rounding Variance	2.
5 Add lines 1 through 4	319,703.	8 Add lines 6 and 7	22,002.
		9 Balance at end of year. Subtract line 8 from line 5.	297,701.

# **Depreciation and Amortization** (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach this form to your return.

OMB No. 1545-0172

**2001****67**Department of the Treasury  
Internal Revenue Service (99)

Name(s) Shown on Return

PETER S AND WILLIAM E AUSTIN, PTR

Identifying Number

59-2266760

Business or Activity to Which This Form Relates

Form 8825 COMMERCIAL PROPERTY, NEW JERSEY

**Part I Election to Expense Certain Tangible Property Under Section 179**

Note: If you have any "listed property," complete Part V before you complete Part I.

1	Maximum dollar limitation. If an enterprise zone business, see instructions.	1	\$24,000.
2	Total cost of Section 179 property placed in service (see instructions).	2	
3	Threshold cost of Section 179 property before reduction in limitation.	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27.	7	
8	Total elected cost of Section 179 property. Add amounts in column (c), lines 5 and 7.	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from 2000 (see instructions).	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 2002. Add lines 9 and 10, less line 12.	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II MACRS Depreciation for Assets Placed in Service Only During Your 2001 Tax Year**  
(Do not include listed property.)**Section A - General Asset Account Election**

- 14 If you are making the election under Section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions. ☐

**Section B - General Depreciation System (GDS) (See instructions)**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		400.	5.0 yrs	HY	200DB	80.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property	09/01	224,435.	39 yrs	MM	S/L	1,678.
	09/01	139,050.	39.0yrs	MM	S/L	1,040.

**Section C - Alternative Depreciation System (ADS) (See instructions)**

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part III Other Depreciation (Do not include listed property.) (See instructions)**

17 GDS and ADS deductions for assets placed in service in tax years beginning before 2001.	17	8,746.
18 Property subject to Section 168(f)(1) election.	18	
19 ACRS and other depreciation	19	0.

**Part IV Summary (See instructions)**

20 Listed property. Enter amount from line 26	20	39.
21 Total. Add deductions from line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	11,583.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs.	22	

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A – Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)**

23a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					23b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected Section 179 cost	
24 Property used more than 50% in a qualified business use (see instructions):									
CELLULAR PHONE	10/06/99	100.00	138.	138.	7.00	200DB/HY	24.		
CELL PHONE	01/01/01	100.00	104.	104.	7.00	200DB/HY	15.		
25 Property used 50% or less in a qualified business use (see instructions):									
26 Add amounts in column (h). Enter the total here and on line 20, page 1							26	39.	
27 Add amounts in column (i). Enter the total here and on line 7, page 1							27		

**Section B – Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
28 Total business/investment miles driven during the year (do not include commuting miles – see instructions)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

**Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).		

**Note:** If your answer to 35, 36, 37, 38, or 39 is 'Yes,' do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code Section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 2001 tax year (see instructions):					
41 Amortization of costs that began before your 2001 tax year				41	86.
42 Total. Add amounts in column (f). See instructions for where to report				42	86.

Form **8825****Rental Real Estate Income and Expenses of a  
Partnership or an S Corporation**

OMB No. 1545-1186

**2001**Department of the Treasury  
Internal Revenue Service▶ See instructions.  
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name

Employer Identification Number

PETER S AND WILLIAM E AUSTIN, PTR

59-2266760

1 Show the kind and location of each property. See page 2 for additional properties.

**A** COMMERCIAL PROPERTY, NEW JERSEY**B** -----**C** -----**D** -----

Rental Real Estate Income		Properties			
		A	B	C	D
<b>2</b> Gross rents	<b>2</b>	176,615.			
<b>Rental Real Estate Expenses</b>					
<b>3</b> Advertising	<b>3</b>	150.			
<b>4</b> Auto and travel	<b>4</b>	313.			
<b>5</b> Cleaning and maintenance	<b>5</b>	6,245.			
<b>6</b> Commissions	<b>6</b>	3,439.			
<b>7</b> Insurance	<b>7</b>	5,678.			
<b>8</b> Legal and other professional fees	<b>8</b>	4,469.			
<b>9</b> Interest	<b>9</b>	14,689.			
<b>10</b> Repairs	<b>10</b>				
<b>11</b> Taxes	<b>11</b>	27,820.			
<b>12</b> Utilities	<b>12</b>	12,811.			
<b>13</b> Wages and salaries	<b>13</b>				
<b>14</b> Depreciation (see instructions)	<b>14</b>	11,583.			
<b>15</b> Other (list) ▶ Telephone	<b>15</b>	1,086.			
Office supplies and expenses		3,560.			
Fire service		963.			
See Other Expenses Stmt		16,426.			
<b>16</b> Total expenses for each property. Add lines 3 through 15	<b>16</b>	109,232.			
<b>17</b> Total gross rents. Add gross rents from line 2, columns A through H.	<b>17</b>			176,615.	
<b>18</b> Total expenses. Add total expenses from line 16, columns A through H.	<b>18</b>			-109,232.	
<b>19</b> Net gain (loss) from Form 4797, Part II, line 18, from the disposition of property from rental real estate activities.	<b>19</b>				
<b>20a</b> Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1).	<b>20a</b>				
<b>b</b> Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:					
(1) Name		(2) Employer identification number			
-----		-----			
-----		-----			
-----		-----			
<b>21</b> Net income (loss) from rental real estate activities. Combine lines 17 through 20a. Enter result here and on:	<b>21</b>			67,383.	
• Form 1065 or 1120S: Schedule K, line 2, or					
• Form 1065-B: Part I, line 4					

BAA For Paperwork Reduction Act Notice, see the separate instructions.

Form 8825 (2001)

Form 1065, Schedule M-1, Line 4

**Sch M-1, Line 4**

LIFE INSURANCE PREMIUMS 879.

Total 879.

Form 1065, Schedule L, Line 20

**Other Liabilities**

Other Liabilities (itemize):	Beginning of tax year	End of tax year
Security deposits	22,239.	26,068.
Total	22,239.	26,068.

Form 8825, Page 1, Line 15

**Other Expenses Stmt**

Other (list) ▶				
Fees	260.			
50% Meals	80.			
Amortization	86.			
Management	16,000.			
Total	16,426.			

**Schedule K-1**  
**(Form 1065)**

Department of the Treasury  
Internal Revenue Service

**Partner's Share of Income, Credits, Deductions, Etc**

For calendar year 2001 or tax year

beginning

, 2001, and ending

, 20

OMB No. 1545-0099

**2001**

Partner's identifying number ▶ 141-24-0205

Partnership's identifying number ▶ 59-2266760

Partner's Name, Address, and ZIP Code

Partner No: 1

Partnership's Name, Address, and ZIP Code

PETER S AUSTIN  
2051 SWAINSON'S RUN  
NAPLES, FL 33942

PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 29  
MORRIS PLAINS, NJ 07950-0029

A This partner is a ☒ general partner ☐ limited partner  
☐ limited liability company member

B What type of entity is this partner? ▶ INDIVIDUAL

C Is this partner a ☒ domestic or a ☐ foreign partner?

D Enter partner's % of: (i) Before change or termination (ii) End of year

Profit sharing	50.00000 %	50.00000 %
Loss sharing	50.00000 %	50.00000 %
Ownership of capital	50.00000 %	50.00000 %

E IRS Center where partnership filed return: CINCINNATI, OH

F Partner's share of liabilities:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	132,168
Other	\$	13,034

G Tax shelter registration number ▶

H Check here if this partnership is a publicly traded partnership as defined in Section 469(k)(2) ☐

I Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

**J Analysis of partner's capital account:**

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
126,617.		33,231.	11,000.	148,848.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2 33,692.	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a 20.	Schedule B, Part I, line 1
	b Ordinary dividends	4b	Schedule B, Part II, line 5
	c Royalties	4c	Schedule E, Part I, line 4
	d Net short-term capital gain (loss)	4d	Schedule D, line 5, column (f)
	e (1) Net long-term capital gain (loss)	4e(1)	Schedule D, line 12, column (f)
	(2) 28% rate gain (loss)	4e(2)	Schedule D, line 12, column (g)
	(3) Qualified 5-year gain	4e(3)	Line 4 of worksheet for Sch D, line 29
Deductions	f Other portfolio income (loss) (attach schedule)	4f	Enter on applicable line of your return
	5 Guaranteed payments to partner	5 16,000.	See Partner's Instructions for Schedule K-1 (Form 1065).
	6 Net Section 1231 gain (loss) (other than due to casualty or theft)	6	
	7 Other income (loss) (attach schedule)	7	Enter on applicable line of your return
	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	See Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule)	10	
	11 Other deductions (attach schedule)	11	
Credits	12a Low-income housing credit:		
	(1) From Section 42(j)(5) partnerships	12a(1)	Form 8586, line 5
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2001

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts.....	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f.....	14b(1) 20.	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10.....	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment.....	15a 16,000.	Schedule SE, Section A or B
	b Gross farming or fishing income.....	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income.....	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986.....	16a 213.	See Partner's Instructions for Schedule K-1 (Form 1065) and instructions for Form 6251.
	b Adjusted gain or loss.....	16b	
	c Depletion (other than oil and gas).....	16c	
	d (1) Gross income from oil, gas, and geothermal properties.....	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties.....	16d(2)	
	e Other adjustments & tax preference items (attach sch).....	16e 0.	SEE LINE 25
Foreign Taxes	17a Name of foreign country or U.S. possession.....		Form 1116, Part I
	b Gross income from all sources.....	17b	
	c Gross income sourced at partner level.....	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive.....	17d(1)	
	(2) Listed categories (attach schedule).....	17d(2)	
	(3) General limitation.....	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense.....	17e(1)	
	(2) Other.....	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive.....	17f(1)	
(2) Listed categories (attach schedule).....	17f(2)		
(3) General limitation.....	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued.....	17g	Form 1116, Part II	
h Reduction in taxes available for credit (attach schedule).....	17h	Form 1116, line 12.	
Other	18a Section 59(e)(2) expenditures: a Type.....	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount.....	18b	
	19 Tax-exempt interest income.....	19	Form 1040, line 8b
	20 Other tax-exempt income.....	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses.....	21 480.	
	22 Distributions of money (cash and marketable securities).....	22 11,000.	
	23 Distributions of property other than money.....	23	Form 8611, line 8
	24 Recapture of low-income housing credit:		
a From Section 42(j)(5) partnerships.....	24a		
b Other than on line 24a.....	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 16E - OTHER ADJ & TAX PREF ITEMS: PRE87 ACCEL DEPR REAL/LEASED PROP 0. TOTAL 0.		

**Schedule K-1**  
(Form 1065)

**Partner's Share of Income, Credits, Deductions, Etc**

OMB No. 1545-0099

**2001**

Department of the Treasury  
Internal Revenue Service

For calendar year 2001 or tax year

beginning , 2001, and ending , 20

<b>Partner's identifying number</b> ▶ 147-26-6254 Partner's Name, Address, and ZIP Code WILLIAM E AUSTIN 119 RIVERVIEW ROAD WAITSFIELD, VT 05673	<b>Partnership's identifying number</b> ▶ 59-2266760 Partnership's Name, Address, and ZIP Code PETER S AND WILLIAM E AUSTIN, PTR PETER S AUSTIN, GEN PTR P.O. BOX 29 MORRIS PLAINS, NJ 07950-0029
<b>A</b> This partner is a <input checked="" type="checkbox"/> general partner <input type="checkbox"/> limited partner <input type="checkbox"/> limited liability company member <b>B</b> What type of entity is this partner? ▶ <u>INDIVIDUAL</u> <b>C</b> Is this partner a <input checked="" type="checkbox"/> domestic or a <input type="checkbox"/> foreign partner? <b>D</b> Enter partner's % of: (i) Before change or termination (ii) End of year Profit sharing ..... 50.00000% ..... 0.00000% Loss sharing ..... 50.00000% ..... 0.00000% Ownership of capital ..... 50.00000% ..... 0.00000% <b>E</b> IRS Center where partnership filed return: <u>CINCINNATI, OH</u>	<b>F</b> Partner's share of liabilities: Nonrecourse ..... \$ ..... Qualified nonrecourse financing ..... \$ ..... 0. Other ..... \$ ..... 0. <b>G</b> Tax shelter registration number ▶ ..... <b>H</b> Check here if this partnership is a publicly traded partnership as defined in Section 469(k)(2) <input type="checkbox"/> <b>I</b> Check applicable boxes: (1) <input checked="" type="checkbox"/> Final K-1 (2) <input type="checkbox"/> Amended K-1

J Analysis of partner's capital account:				
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
126,620.		17,791.	11,000.	133,411.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2 18,036	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		Schedule B, Part I, line 1 Schedule B, Part II, line 5 Schedule E, Part I, line 4 Schedule D, line 5, column (f) Schedule D, line 12, column (f) Schedule D, line 12, column (g) Line 4 of worksheet for Sch D, line 29 Enter on applicable ln of your return
	a Interest	4a 11	
	b Ordinary dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e (1) Net long-term capital gain (loss)	4e(1)	
	(2) 28% rate gain (loss)	4e(2)	
	(3) Qualified 5-year gain	4e(3)	
f Other portfolio income (loss) (attach schedule)	4f		
5 Guaranteed payments to partner	5	See Partner's Instructions for Schedule K-1 (Form 1065).	
6 Net Section 1231 gain (loss) (other than due to casualty or theft)	6		
7 Other income (loss) (attach schedule)	7		
Deductions	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	See Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule)	10	
	11 Other deductions (attach schedule)	11	
Credits	12a Low-income housing credit:		Form 8586, line 5
	(1) From Section 42(j)(5) partnerships	12a(1)	
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2001



	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
<b>Investment Interest</b>	<b>14a</b> Interest expense on investment debts.....	<b>14a</b>	Form 4952, line 1
	<b>b (1)</b> Investment income included on lines 4a, 4b, 4c, and 4f.....	<b>14b(1)</b> 11.	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>(2)</b> Investment expenses included on line 10.....	<b>14b(2)</b>	
<b>Self-employment</b>	<b>15a</b> Net earnings (loss) from self-employment.....	<b>15a</b>	Schedule SE, Section A or B
	<b>b</b> Gross farming or fishing income.....	<b>15b</b>	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>c</b> Gross nonfarm income.....	<b>15c</b>	
<b>Adjustments and Tax Preference Items</b>	<b>16a</b> Depreciation adjustment on property placed in service after 1986.....	<b>16a</b> 114.	See Partner's Instructions for Schedule K-1 (Form 1065) and instructions for Form 6251.
	<b>b</b> Adjusted gain or loss.....	<b>16b</b>	
	<b>c</b> Depletion (other than oil and gas).....	<b>16c</b>	
	<b>d (1)</b> Gross income from oil, gas, and geothermal properties.....	<b>16d(1)</b>	
	<b>(2)</b> Deductions allocable to oil, gas, and geothermal properties.....	<b>16d(2)</b>	
	<b>e</b> Other adjustments & tax preference items (attach sch).....	<b>16e</b> 0.	SEE LINE 25
<b>Foreign Taxes</b>	<b>17a</b> Name of foreign country or U.S. possession.....		Form 1116, Part I
	<b>b</b> Gross income from all sources.....	<b>17b</b>	
	<b>c</b> Gross income sourced at partner level.....	<b>17c</b>	
	<b>d</b> Foreign gross income sourced at partnership level:		
	<b>(1)</b> Passive.....	<b>17d(1)</b>	
	<b>(2)</b> Listed categories (attach schedule).....	<b>17d(2)</b>	
	<b>(3)</b> General limitation.....	<b>17d(3)</b>	
	<b>e</b> Deductions allocated and apportioned at partner level:		
	<b>(1)</b> Interest expense.....	<b>17e(1)</b>	
	<b>(2)</b> Other.....	<b>17e(2)</b>	
	<b>f</b> Deductions allocated and apportioned at partnership level to foreign source income:		
	<b>(1)</b> Passive.....	<b>17f(1)</b>	
<b>(2)</b> Listed categories (attach schedule).....	<b>17f(2)</b>		
<b>(3)</b> General limitation.....	<b>17f(3)</b>		
<b>g</b> Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	<b>17g</b>	Form 1116, Part II	
<b>h</b> Reduction in taxes available for credit (attach schedule).....	<b>17h</b>	Form 1116, line 12.	
<b>Other</b>	<b>18a</b> Section 59(e)(2) expenditures: <b>a</b> Type.....		See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>b</b> Amount.....	<b>18b</b>	
	<b>19</b> Tax-exempt interest income.....	<b>19</b>	Form 1040, line 8b
	<b>20</b> Other tax-exempt income.....	<b>20</b>	See Partner's Instructions for Schedule K-1 (Form 1065).
	<b>21</b> Nondeductible expenses.....	<b>21</b> 256.	
	<b>22</b> Distributions of money (cash and marketable securities).....	<b>22</b> 11,000.	
	<b>23</b> Distributions of property other than money.....	<b>23</b>	
	<b>24</b> Recapture of low-income housing credit:		Form 8611, line 8
<b>a</b> From Section 42(j)(5) partnerships.....	<b>24a</b>		
<b>b</b> Other than on line 24a.....	<b>24b</b>		
<b>Supplemental Information</b>	<b>25</b> Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 16E - OTHER ADJ & TAX PREF ITEMS: PRE87 ACCEL DEPR REAL/LEASED PROP TOTAL		0. 0.

**Schedule K-1**  
(Form 1065)

**Partner's Share of Income, Credits, Deductions, Etc**

OMB No. 1545-0099

**2001**

Department of the Treasury  
Internal Revenue Service

For calendar year 2001 or tax year

beginning , 2001, and ending , 20

Partner's identifying number ▶ 03-6073100

Partnership's identifying number ▶ 59-2266760

Partner's Name, Address, and ZIP Code

Partner No: 3

Partnership's Name, Address, and ZIP Code

WILLIAM AUSTIN ESTATE  
119 RIVERVIEW ROAD  
WAITSFIELD, VT 05673

PETER S AND WILLIAM E AUSTIN, PTR  
PETER S AUSTIN, GEN PTR  
P.O. BOX 29  
MORRIS PLAINS, NJ 07950-0029

A This partner is a ☒ general partner ☐ limited partner  
☐ limited liability company member

B What type of entity is this partner? ▶ ESTATE

C Is this partner a ☒ domestic or a ☐ foreign partner?

D Enter partner's % of: (i) Before change or termination (ii) End of year

Profit sharing	0.00000 %	50.00000 %
Loss sharing	0.00000 %	50.00000 %
Ownership of capital	0.00000 %	50.00000 %

E IRS Center where partnership filed return: CINCINNATI, OH

F Partner's share of liabilities:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	132,169
Other	\$	13,034

G Tax shelter registration number ▶

H Check here if this partnership is a publicly traded partnership as defined in Section 469(k)(2) ☐

I Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

**J Analysis of partner's capital account:**

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
		15,442.		15,442.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2 15,655.	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a 10.	Schedule B, Part I, line 1
	b Ordinary dividends	4b	Schedule B, Part II, line 5
	c Royalties	4c	Schedule E, Part I, line 4
	d Net short-term capital gain (loss)	4d	Schedule D, line 5, column (f)
	e (1) Net long-term capital gain (loss)	4e(1)	Schedule D, line 12, column (f)
	(2) 28% rate gain (loss)	4e(2)	Schedule D, line 12, column (g)
	(3) Qualified 5-year gain	4e(3)	Line 4 of worksheet for Sch D, line 29
	f Other portfolio income (loss) (attach schedule)	4f	Enter on applicable line of your return
	5 Guaranteed payments to partner	5	
Deductions	6 Net Section 1231 gain (loss) (other than due to casualty or theft)	6	See Partner's Instructions for Schedule K-1 (Form 1065).
	7 Other income (loss) (attach schedule)	7	Enter on applicable line of your return
	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	
	10 Deductions related to portfolio income (attach schedule)	10	See Partner's Instructions for Schedule K-1 (Form 1065).
Credits	11 Other deductions (attach schedule)	11	
	12a Low-income housing credit:		
	(1) From Section 42(j)(5) partnerships	12a(1)	Form 8586, line 5
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2001

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1) 10	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a 99	See Partner's Instructions for Schedule K-1 (Form 1065) and instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch)	16e 0	SEE LINE 25
Foreign Taxes	17a Name of foreign country or U.S. possession		Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
	(1) Passive	17f(1)	
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II	
h Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.	
Other	18a Section 59(e)(2) expenditures: a Type		See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21 222	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8611, line 8
a From Section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 16E - OTHER ADJ & TAX PREF ITEMS: PRE87 ACCEL DEPR REAL/LEASED PROP TOTAL		

0.  
0.

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01/28/07

Accrual Basis

## 031031 Austin &amp; Austin

UNAUDITED

## Profit &amp; Loss

January through December 2001

Jan - Dec 01

## Ordinary Income/Expense

## Income

5000 · Rent 183,157.27

## Interest Income

5005 · First Morris 40.77

Total Interest Income 40.77

## Total Income

183,198.04

## Expense

## Admin

Management 16,000.00

6700 · Bookkeeping 2,187.00

6706 · Professional Fees 4,469.00

6703 · Telephone 395.09

6708 · Office Supplies 682.45

6707 · Office Expense 231.95

6709 · Postage 334.09

6710 · Bank Charge 124.97

6712 · Plan Bd 260.00

6715 · Travel 312.51

6702 · Cellular phone 557.86

6705 · Classified Advertising 150.44

6716 · Meals 158.79

Total Admin 25,864.15

## Interest Expense

6723 · Frank Stramaglia 5,696.42

Total Interest Expense 5,696.42

## Mortgage Interest

6721 · First Morris 8,992.63

Total Mortgage Interest 8,992.63

## Taxes

6735 · Property 27,820.29

Total Taxes 27,820.29

## Utilities

6752 · Water 1,923.36

6751 · Sewer 6,681.29

6749 · Electric 3,656.93

6750 · Gas 1,432.93

6717 · Fire Service 1,125.15

Total Utilities 14,819.66

## 6719 · Maintenance

Company 6,245.05

Total 6719 · Maintenance 6,245.05

6718 · Insurance 5,678.00

6730 · Owner Life Insurance 879.00

6720 · Commission 3,439.17

6755 · Amortization 86.00

6756 · Depreciation 11,583.00

Total Expense 111,103.37

Net Ordinary Income 72,094.67

## Other Income/Expense

## Other Expense

Suspense 0.00

Total Other Expense 0.00

Net Other Income 0.00

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Accrual Basis

**031031 Austin & Austin**  
**Profit & Loss**  
January through December 2001

Jan - Dec 01

Net Income

72,094.67

## 031031 Austin &amp; Austin

## Balance Sheet

UNAUDITED As of December 31, 2001

Dec 31, 01

## ASSETS

## Current Assets

## Checking/Savings

1001 · FMB Checking

44.41

1003 · FMB Money Market

3,538.95

Total Checking/Savings

3,583.36

## Accounts Receivable

1010 · Accounts Receivable

8,017.27

Total Accounts Receivable

8,017.27

Total Current Assets

11,600.63

## Fixed Assets

## Real Estate

Morristown, New Jersey

Cost Basis 1970

2020 · Land

27,741.00

2121 · Building

64,325.00

Total Cost Basis 1970

92,066.00

## Accumulated Depreciation

2023 · SL 25.0 yr

-64,325.00

Total Accumulated Depreciation

-64,325.00

## Improvements 1973

2025 · Cost

12,337.00

## Accumulated Depreciation

2027 · S/L 15 yr

-12,337.00

Total Accumulated Depreciation

-12,337.00

Total Improvements 1973

0.00

## Improvements 1981

2029 · Cost

18,928.00

## Accumulated Depreciation

2031 · PRE 15.0 yr

-18,928.00

Total Accumulated Depreciation

-18,928.00

Total Improvements 1981

0.00

## Improvements 1982

2035 · Cost

37,068.00

## Accumulated Depreciation

2037 · PRE 15.0 yr

-37,068.00

Total Accumulated Depreciation

-37,068.00

Total Improvements 1982

0.00

## Pavement 1982

2039 · Cost

450.00

## Accumulated Depreciation

2041 · S/L 5 yr

-450.00

Total Accumulated Depreciation

-450.00

Total Pavement 1982

0.00

## Improvements 1983

2043 · Cost

2,472.00

## Accumulated Depreciation

2045 · PRE 15.0 yr

-2,472.00

Total Accumulated Depreciation

-2,472.00

Total Improvements 1983

0.00

## Improvements 1992

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Accrual Basis

031031 Austin & Austin  
**Balance Sheet**  
As of December 31, 2001

	Dec 31, 01
2051 · Depreciable Cost	8,636.91
Accumulated Depreciation	
2053 · SL MM 31.5 yr	-2,581.00
Total Accumulated Depreciation	-2,581.00
Total Improvements 1992	6,055.91
Tank Removal 1992	
2055 · Depreciable Cost	54,009.24
Accumulated Depreciation	
2057 · SL MM 20.0 yr	-23,933.57
Total Accumulated Depreciation	-23,933.57
Total Tank Removal 1992	30,075.67
HVAC/VIP Carrier 1994	
2059 · Depreciable Cost	2,047.50
Accumulated Depreciation	
2061 · SL MM 39.0 yr	-414.00
Total Accumulated Depreciation	-414.00
Total HVAC/VIP Carrier 1994	1,633.50
Improvements 1995	
2066 · Depreciable Cost	5,459.00
Accumulated Depreciation	
2068 · 200 DB HY 7.0 yr	-5,216.00
Total Accumulated Depreciation	-5,216.00
Total Improvements 1995	243.00
Tank Removal 1995	
2070 · Depreciable Cost	1,981.00
Accumulated Depreciation	
2072 · SL MM 20.0 yr	-651.00
Total Accumulated Depreciation	-651.00
Total Tank Removal 1995	1,330.00
Roof 1996	
2074 · Depreciable Cost	6,700.00
Accumulated Depreciation	
2075 · SL MM 39.0 yr	-866.00
Total Accumulated Depreciation	-866.00
Total Roof 1996	5,834.00
Improvements 1998	
2076 · Depreciable Cost	67,107.82
Accumulated Depreciation	
2077 · SL MM 39.0 yr	-4,231.00
Total Accumulated Depreciation	-4,231.00
Total Improvements 1998	62,876.82
Improvements 1999	
2087 · Depreciable Cost	91,901.21
Accumulated Depreciation	
2088 · SL MM 39.0 yr	-5,792.00
Total Accumulated Depreciation	-5,792.00
Total Improvements 1999	86,109.21
Improvements 2000	
2094 · Depreciable Cost	224,434.95
Accumulated Depreciation	

031031 Austin & Austin  
**Balance Sheet**  
As of December 31, 2001

	Dec 31, 01
2095 · SL MM 39.0 yr	-1,678.00
Total Accumulated Depreciation	-1,678.00
Total Improvements 2000	222,756.95
Improvements 2001	
2001 · Depreciable Cost	139,049.67
Accumulated Depreciation	
2003 · SL MM 39.0 yr	-1,040.00
Total Accumulated Depreciation	-1,040.00
Total Improvements 2001	138,009.67
Legal Fee - Refinance 1986	
2047 · Depreciable Cost	1,639.00
Accumulated Amortization	
2049 · Amort 19.0 yr	-1,376.00
Total Accumulated Amortization	-1,376.00
Total Legal Fee - Refinance 1986	263.00
Total Morristown, New Jersey	582,928.73
Total Real Estate	582,928.73
Office Equipment	
Cellular Phone 1/1/01	
2098 · Cost	104.27
2099 · Accumulated Depreciation	-15.00
Total Cellular Phone 1/1/01	89.27
Cellular Phone 10/6/99	
2078 · Cost	137.79
Total Cellular Phone 10/6/99	137.79
Cellular Phone 12/01/97	
2086 · 200 DB HY 7.0 yr	-54.00
Total Cellular Phone 12/01/97	-54.00
Cellular Phone 1996	
Accumulated Depreciation	
2079 · 200 DB HY 7.0 yr	-24.00
Total Accumulated Depreciation	-24.00
Total Cellular Phone 1996	-24.00
Computer 1994	
Accumulated Depreciation	
2083 · 200DB MQ 5.0 yr	0.02
Total Accumulated Depreciation	0.02
Total Computer 1994	0.02
Computer 2/1/00	
2096 · Depreciable Cost	2,151.03
2097 · Accumulated Depreciation	-1,118.00
Total Computer 2/1/00	1,033.03
Disc Drive 4/14/01	
2104 · Cost	216.14
2105 · Accumulated Depreciation	-43.00
Total Disc Drive 4/14/01	173.14
Disc Drive 11/9/99	
2089 · Cost	180.19
2090 · Accumulated Depreciation	-128.00



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01/28/07  
Accrual Basis

031031 Austin & Austin  
**Balance Sheet**  
As of December 31, 2001

Dec 31, 01

Total Disc Drive 11/9/99	52.19
Fax 1/28/01	
2100 · Cost	148.39
2101 · Accumulated Depreciation	-30.00
Total Fax 1/28/01	118.39
Scanner 11/24/99	
2091 · Cost	137.77
2092 · Accumulated Depreciation	-98.00
Total Scanner 11/24/99	39.77
Shredder 2/26/01	
2102 · Cost	35.78
2103 · Accumulated Depreciation	-7.00
Total Shredder 2/26/01	28.78
Total Office Equipment	1,594.38
Total Fixed Assets	584,523.11
<b>TOTAL ASSETS</b>	<b>596,123.74</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3000 · Accounts Payable	1,414.35
Total Accounts Payable	1,414.35
Total Current Liabilities	1,414.35
Long Term Liabilities	
Loans Payable	
3003 · Rub-A-Dub Loan	131,362.54
3511 · Frank Stramaglia	53,303.97
Total Loans Payable	184,666.51
Mortgages Payable	
First Morris Bank	
3509 · 10084002	34,859.33
3512 · 10084003	44,810.55
Total First Morris Bank	79,669.88
Total Mortgages Payable	79,669.88
Security Deposits Payable	
3501 · New Image Cleaners	7,488.97
3506 · The Fish Market	3,200.00
3504 · Mane Ambiance	3,328.00
3502 · Curves for Women	3,648.00
3503 · State Farm Insurance	4,402.67
3505 · Conroy's Florist #8	4,000.00
Total Security Deposits Payable	26,067.64
Total Long Term Liabilities	290,404.03
Total Liabilities	291,818.38
Equity	
Capital Accounts	
Peter S. Austin	
4002 · Equity	127,105.34
Total Peter S. Austin	127,105.34
William E. Austin	

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01/28/07  
Accrual Basis

031031 Austin & Austin  
**Balance Sheet**  
As of December 31, 2001

	Dec 31, 01
4005 · Equity	127,105.34
Total William E. Austin	127,105.34
Total Capital Accounts	254,210.68
4007 · Opening Bal Equity	0.01
4008 · Retained Earnings	-22,000.00
Net Income	72,094.67
Total Equity	304,305.36
TOTAL LIABILITIES & EQUITY	<u>596,123.74</u>